

This English translation of the financial report was prepared for reference purposes only and is qualified in its entirety by the original Japanese version. The financial information contained in this report is derived from our unaudited consolidated financial statements appearing in item 3 of this report.

## SoftBank Group Corp. Consolidated Financial Report For the Three-month Period Ended June 30, 2020 (IFRS)

Tokyo, August 11, 2020

### 1. Financial Highlights

(Millions of yen; amounts are rounded to the nearest million yen)

#### (1) Results of Operations

(Percentages are shown as year-on-year changes)

	Net sales		Income before income tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Three-month period ended June 30, 2020</b>	<b>¥1,450,005</b>	<b>(2.0)</b>	<b>¥833,047</b>	<b>(50.9)</b>	<b>¥1,316,421</b>	<b>11.8</b>	<b>¥1,255,712</b>	<b>11.9</b>	<b>¥1,136,007</b>	<b>52.0</b>
Three-month period ended June 30, 2019	¥1,480,292	-	¥1,695,008	-	¥1,177,479	258.9	¥1,121,719	257.6	¥747,172	139.8

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
<b>Three-month period ended June 30, 2020</b>	<b>¥615.95</b>	<b>¥589.96</b>
Three-month period ended June 30, 2019	¥534.89	¥532.09

Notes:

- Net sales and income before income tax are presented based on the amounts from continuing operations only. Year-on-year percentage changes in net sales and income before income tax for the three-month period ended June 30, 2019 are not presented because corresponding amounts for the three-month period ended June 30, 2019 are revised and presented respectively. Please refer to page 55 “Note 3. Discontinued operations” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.
- The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. “Basic earnings per share” and “Diluted earnings per share” are calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

#### (2) Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)
<b>As of June 30, 2020</b>	<b>¥33,563,348</b>	<b>¥7,576,780</b>	<b>¥6,532,437</b>	<b>19.5</b>
As of March 31, 2020	¥37,257,292	¥7,372,917	¥5,913,613	15.9

### 2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2020	-	22.00	-	22.00	44.00
Fiscal year ending March 31, 2021	-				
Fiscal year ending March 31, 2021 (Forecasted)		-	-	-	-

Note:

\*The Company decides the end of the year and the end of the second quarter as the record dates for dividends under the articles of incorporation, however the forecasted dividend amounts for the fiscal year ending March 31, 2021 are not determined at the present moment.

**\* Notes**

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): Yes

Newly consolidated: None

Excluded from consolidation: Three entities: Sprint Corporation, Sprint Communications, Inc., Starburst I, Inc.

Notes:

1. Please refer to page 37 “(1) Significant Changes in Scope of Consolidation for the Three-month Period Ended June 30, 2020” under “2. Notes to Summary Information” for details.

2. Foreign subsidiaries prepare stand-alone financial statements only under circumstances where it is necessary under their local laws and practices. Applicability of Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Article 19, Paragraph (10), Item (i) to (iii), is determined by using the financial statements.

On the other hand, for foreign subsidiaries that do not prepare stand-alone financial statements, information on the capital and net assets for those companies is not available. Therefore, Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Article 19, Paragraph (10), Item (i) is used to determine whether the companies are the specified subsidiaries.

The applicability of Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Article 19, Paragraph (10), Item (i) is determined based on the percentage of total amount of purchase from SoftBank Group Corp. and dividend paid to SoftBank Group Corp. to total amount of operating revenue of SoftBank Group Corp.

For fund-type subsidiaries, the amount of net assets based on financial statements prepared in accordance with the corresponding laws and practices is used to determine the applicability of Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Article 19, Paragraph (10), Item (ii).

(2) Changes in accounting policies and accounting estimates

[1] Changes in accounting policies required by IFRSs: No

[2] Changes in accounting policies other than those in [1]: No

[3] Changes in accounting estimates: Yes

Please refer to page 37 “(2) Changes in Accounting Estimates” under “2. Notes to Summary Information” for details.

(3) Number of shares issued (common stock)

[1] Number of shares issued (including treasury stock):

As of June 30, 2020: 2,089,814,330 shares

As of March 31, 2020: 2,089,814,330 shares

[2] Number of shares of treasury stock:

As of June 30, 2020: 143,318,747 shares

As of March 31, 2020: 21,818,471 shares

[3] Number of average shares outstanding during three-month period (April-June):

As of June 30, 2020: 2,026,277,715 shares

As of June 30, 2019: 2,083,065,885 shares

Note:

The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. “Number of shares issued,” “Number of shares of treasury stock,” and “Number of average shares outstanding during three-month period” are calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

**\* This condensed interim consolidated financial report is not subject to interim review procedures by certified public accountants or an audit firm.**

**\* Note to forecasts on the consolidated results of operations and other items**

Descriptions regarding the future are estimated based on the information that the Company is able to obtain at the present point in time and assumptions which are deemed to be reasonable. However, actual results may be different due to various factors.

On August 11, 2020 (JST), the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcast live on the Company’s website in both Japanese and English at <https://group.softbank/en/corp/irinfo/presentations/>. The Data Sheet will also be posted on the website on the same day at the same site.

(Appendix)

**Contents**

1. Results of Operations.....	P. 4
(1) Overview of Results of Operations .....	P. 4
a. Consolidated Results of Operations.....	P. 10
b. Results by Segment .....	P. 13
(a) Investment Business of Holding Companies Segment.....	P. 14
(b) SoftBank Vision Fund and Other SBIA-Managed Funds Segment .....	P. 17
(c) SoftBank Segment.....	P. 22
(d) Arm Segment .....	P. 23
(e) Brightstar Segment .....	P. 26
(f) Other .....	P. 26
(2) Overview of Financial Position .....	P. 27
(3) Overview of Cash Flows .....	P. 34
(4) Forecasts .....	P. 36
2. Notes to Summary Information .....	P. 37
(1) Significant Changes in Scope of Consolidation for the Three-month Period Ended June 30, 2020 .....	P. 37
(2) Changes in Accounting Estimates .....	P. 37
3. Condensed Interim Consolidated Financial Statements and Primary Notes.....	P. 38
(1) Condensed Interim Consolidated Statement of Financial Position.....	P. 39
(2) Condensed Interim Consolidated Statement of Income and Condensed Interim Consolidated Statement of Comprehensive Income .....	P. 41
(3) Condensed Interim Consolidated Statement of Changes in Equity .....	P. 43
(4) Condensed Interim Consolidated Statement of Cash Flows.....	P. 47
(5) Significant Doubt about Going Concern Assumption .....	P. 49
(6) Notes to Condensed Interim Consolidated Financial Statements .....	P. 49

### Definition of Company Names and Abbreviations Used in This Appendix

Company names and abbreviations used in this appendix, unless otherwise stated or interpreted differently in the context, are as follows:

Company names / Abbreviations	Definition
SoftBank Group Corp. or SBG	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
<i>*Each of the following name or abbreviations indicates the respective company and its subsidiaries, if any.</i>	
SoftBank Vision Fund	SoftBank Vision Fund L.P. and its alternative investment vehicles
SBIA	SB Investment Advisers (UK) Limited
Sprint	Sprint Corporation
T-Mobile	T-Mobile US, Inc. after merging with Sprint
Arm	Arm Limited
Alibaba	Alibaba Group Holding Limited
The first quarter	Three-month period ended June 30, 2020
The first quarter-end	June 30, 2020
The fiscal year	Fiscal year ending March 31, 2021
The previous fiscal year	Fiscal year ended March 31, 2020
The previous fiscal year-end	March 31, 2020

### Exchange Rates Used for Translations

Average rate for the quarter

	Fiscal year ended March 31, 2020				Fiscal year ending March 31, 2021
	Q1	Q2	Q3	Q4	Q1
USD / JPY	¥110.00	¥107.70	¥108.98	¥109.22	¥107.74

Rate at the end of the period

	March 31, 2020	June 30, 2020
USD / JPY	¥108.83	¥107.74

**Changes in presentation of Consolidated Statement of Income and reportable segments**

SoftBank Group Corp. (“SBG”) is a strategic investment holding company managing a portfolio of investments, made either directly (including investments through subsidiaries) or through investment funds (such as SoftBank Vision Fund), in a wide range of companies. On April 1, 2020, Sprint ceased to be a subsidiary of the Company following the completion of the merger between Sprint and T-Mobile US, Inc. Given that investment activities have taken on greater importance in the Company’s overall consolidated financial results, the Company has revised the presentation of the Consolidated Statement of Income from the first quarter.

Specifically, “operating income” will no longer be presented in the Consolidated Statement of Income. Instead, “gain (loss) on investments” will be used in order to show investment performance in the consolidated financial results. This change in presentation was made because the previously used “operating income” excluded gain and loss on investments, other than gain and loss on investments included in “operating income from SoftBank Vision Fund and other SBIA-managed funds.” The Company determined “operating income” was not useful in appropriately presenting the consolidated financial results of a strategic investment holding company. The newly established “gain (loss) on investments” includes (1) realized gain and loss on sales of investment securities (financial assets at FVTPL) and investments accounted for using the equity method; (2) unrealized gain and loss on valuation of financial assets at FVTPL; (3) dividend income from investments; and (4) derivative gain and loss related to financial assets at FVTPL and other investments. Derivative gain and loss not included in the above “gain (loss) on investments” is shown as “derivative gain (loss) (excluding gain (loss) on investments).” Income on equity method investments, which recognizes the Company’s equity interest in the net income and loss of applicable portfolio companies, is presented as “income on equity method investments” as before. The Consolidated Statement of Income for the same period of the previous fiscal year has been restated and presented in the same manner.

In light of the greater importance of investment activities to the Company’s overall consolidated financial results, as mentioned above, the Company has also changed its segment classifications from the first quarter. There are now five reportable segments: Investment Business of Holding Companies, SoftBank Vision Fund and Other SBIA-Managed Funds, SoftBank, Arm, and Brightstar. See “OVERVIEW” under “(a) Investment Business of Holding Companies Segment” in “b. Results by Segment” on page 14 for the overview of the newly established Investment Business of Holding Companies segment. In line with ending the presentation of “operating income” in the Consolidated Statement of Income, the Company has revised segment income in each reportable segment to “income before income tax.” Segment information for the same period of the previous fiscal year has also been restated to conform to the revised reportable segments.

## 1. Results of Operations

### (1) Overview of Results of Operations

#### 1. Progress on sale or monetization of ¥4.5 trillion of assets

- ◆ The Company has sold or monetized ¥4.3 trillion of assets as of August 3, 2020 through the partial sale of T-Mobile shares, borrowing using T-Mobile shares, prepaid forward contracts using Alibaba shares, and partial sale of SoftBank Corp. shares.
- ◆ From May to July 2020, the Company decided to execute share repurchases totaling ¥2 trillion, of which it had repurchased shares of ¥101.7 billion as of June 30, 2020 and additional shares of ¥398.3 billion as of August 3, 2020.
- ◆ In July 2020, the Company completed the repurchase of domestic unsecured corporate bonds with a total face value of ¥167.6 billion.
- ◆ In July 2020, the Company fully repaid \$9.4 billion of borrowings using Alibaba shares (margin loan).

#### 2. Results of investment in Sprint

- ◆ Sprint completed its merger with T-Mobile US, Inc. on April 1, 2020.
- ◆ From June to August 2020, the Company sold approximately two-thirds of its T-Mobile shares (see the next page for details on the transactions and page 8 for major impacts on the Condensed Interim Consolidated Financial Statements for the first quarter).

#### 3. Highlights of results

##### ◆ Gain on investments of ¥983.0 billion

- Gain on investments at Investment Business of Holding Companies of ¥ 650.5 billion: Of this, gain relating to sales of T-Mobile shares was ¥421.9 billion. In the same period of the previous fiscal year, gain relating to settlement of prepaid forward contracts using Alibaba shares of ¥1.2 trillion was recorded.
- Gain on investments at SoftBank Vision Fund and other SBIA-managed funds of ¥296.6 billion: Realized gain (net) on sales of investments of ¥111.4 billion was recorded, in addition to unrealized gain on valuation of investments centered on listed portfolio companies, due to a rebound in public equity markets.

##### ◆ Income before income tax of ¥833.0 billion (decreased ¥862.0 billion yoy)

- Finance cost of ¥78.1 billion\*
- Derivative loss (excluding gain (loss) on investments) of ¥176.3 billion\*
- Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds of ¥(147.6) billion\*

\* recorded as a cost for the first quarter

##### ◆ Net income attributable to owners of the parent of ¥1.3 trillion (increased ¥134.0 billion yoy)

- Net income from discontinued operations of ¥736.4 billion: Gain relating to loss of control of Sprint

## PROGRAM TO SELL OR MONETIZE ¥4.5 TRILLION OF ASSETS (¥4.5 TRILLION PROGRAM)

On March 23, 2020, SBG announced a program to sell or monetize ¥4.5 trillion of assets held. The funds obtained from the sale and monetization will be used to repurchase up to ¥2 trillion of the Company's common stock, with the balance to be used for debt redemptions, bond buybacks, and to increase cash reserves (collectively, the "¥4.5 trillion program"). Of this, ¥4.3 trillion of assets held were sold or monetized as of August 3, 2020, as shown in the table below. Meanwhile, the share repurchases of up to ¥2 trillion were originally intended to be executed over four quarters from March 23, 2020; however, in light of the uncertainty in market trends and other factors, it is possible that the repurchases may not be completed by the end of March 2021, as originally scheduled.

Given the current concern for a second or third wave of the novel coronavirus (COVID-19), SBG believes that it needs to further enhance its cash reserves. SBG is investing the funds raised until such cash reserves are used for the planned share repurchases and debt reductions, together with other surplus funds, in high-quality, highly liquid marketable securities and other instruments, in addition to holding the funds in cash and deposits, while being firmly committed to its existing financial policies on LTV (loan-to-value, the ratio of liabilities to holding assets) and cash on hand.

### Sale or monetization of assets based on the ¥4.5 trillion program

*As of August 3, 2020*

	(Trillions of yen)		
	Amount of sale or monetization		
	As of June 30, 2020	After July 1, 2020	Total
1. Partial sale of T-Mobile shares and borrowings using T-Mobile shares	1.9	0.5	2.4
2. Partial monetization of Alibaba shares through prepaid forward contracts	1.5	0.1	1.6
3. Partial sale of SoftBank Corp. shares	0.3	-	0.3
<b>Total</b>	<b>3.7</b>	<b>0.6</b>	<b>4.3</b>

### **1. Completion of the merger of Sprint and T-Mobile US, Inc., partial sale of T-Mobile shares, etc.**

#### **a. Completion of the merger of Sprint and T-Mobile US, Inc.**

The merger of Sprint, which had been a U.S. subsidiary of the Company, and T-Mobile US, Inc. in an all-stock transaction (the "Merger") was completed on April 1, 2020. As consideration for the Merger, the Company received 304,606,049 T-Mobile shares and the right to acquire 48,751,557 T-Mobile shares for no additional considerations if certain conditions are met (the "Contingent Consideration"). As of the same date, Sprint ceased to be a subsidiary of the Company, and the combined new company, T-Mobile, became an equity method associate of the Company with a 24.7% shareholding. See "3. Discontinued operations" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes" for details.

#### **b. Partial sale of T-Mobile shares**

Subsequently, of the Company's 304,606,049 shares of common stock of T-Mobile, the Company, through its subsidiary, sold 173,564,426 shares on June 26, 2020 ((a) and (b) in "Details of the Partial Sale" below), 5,000,000 shares on July 16, 2020 ((c) below), and 19,750,000 shares on August 3, 2020 ((d) below) (the "Partial Sale"). T-Mobile

disposed of the shares purchased from the Company's subsidiary through a public offering in the United States, a private placement through a trust issuing cash mandatory exchangeable trust securities, a sale to Marcelo Claure, one of its board directors (Board Director, Executive Vice President & COO of SBG), and a rights offering, with the proceeds being transferred to the Company's subsidiary.

As a result of the decrease in voting rights following the sale of shares on June 26, 2020, the Company lost its significant influence over T-Mobile and, on the same date, T-Mobile was removed as an equity method associate of the Company.

### Details of the Partial Sale

Transaction	Number of shares sold (shares)	Total sale value (Millions of U.S. dollars)
(a) Public offering in the U.S. by T-Mobile	154,147,026	15,877
(b) Private placement through a trust by T-Mobile	19,417,400	1,667
(c) Sale by T-Mobile to Marcelo Claure, a board director of T-Mobile	5,000,000	515
(d) Rights offering by T-Mobile	19,750,000	2,034

In addition, Deutsche Telekom AG ("Deutsche Telekom") received call options for 101,491,623 T-Mobile shares continued to be held by the Company after the Partial Sale (the "Deutsche Telekom Call Options").<sup>1</sup>

- (i) For a call option over 44,905,479 shares out of the 101,491,623 shares, the strike price is \$103.00 per share. Deutsche Telekom can exercise this option at any time after the option grant date.
- (ii) For a call option over 56,586,144 shares out of the 101,491,623 shares, the strike price is equal to the average of the daily volume-weighted average prices of the shares of T-Mobile common stock for each of the 20 trading days immediately prior to the date of exercise. Deutsche Telekom can exercise this option after the exercise of the above (i) option or after October 2, 2020.

### Number of T-Mobile shares held by the Company before and after the Partial Sale

(a) Number of shares held before the Partial Sale	304,606,049
(b) Number of shares sold through the Partial Sale (as of August 3, 2020)	198,314,426
(c) Number of shares held after the Partial Sale ((a) – (b))	106,291,623
(d) Number of shares subject to the Deutsche Telekom Call Options	101,491,623
(e) Number of shares held after the Deutsche Telekom Call Options are exercised ((c) – (d))	4,800,000
(f) Number of shares that can be acquired through the Contingent Consideration	48,751,557
(g) Number of shares held if the shares are acquired through the Contingent Consideration (e) + (f)	53,551,557

### c. Borrowings using T-Mobile shares

On July 30, 2020, SBG's wholly owned subsidiary borrowed \$4.38 billion using its T-Mobile shares pledged as collateral (margin loan). Because SBG has, as an exception, guaranteed a portion of the margin loan, \$2.3 billion is

<sup>1</sup> The Deutsche Telekom Call Options expire on June 22, 2024, unless certain events occur that trigger an earlier expiration date.



considered as the amount of assets monetized under the ¥4.5 trillion program (after deducting the \$2.08 billion cap on the guaranteed obligations). As a precondition for SBG to fulfill its guarantee obligations, the lenders are obligated to first recover, to the maximum extent possible, from Alibaba shares held that have been pledged as collateral for the margin loan.

## 2. Partial monetization of Alibaba shares through prepaid forward contracts

From April to June 2020, SBG's wholly owned subsidiaries, West Raptor Holdings 2, LLC, Skybridge LLC, and Skylark 2020 Holdings Limited, entered into several prepaid forward contracts using Alibaba shares with financial institutions. The Company procured an aggregate amount of \$13.7 billion. Alibaba remains an equity method associate of the Company following these transactions.

In addition, Scout 2020 Holdings Limited, a wholly owned subsidiary of SBG, entered into a prepaid forward contract using Alibaba shares with financial institutions in July 2020, procuring \$0.9 billion.

## 3. Partial sale of SoftBank Corp. shares

On May 22, 2020, SBG sold 240,000,000 shares of common stock of its subsidiary SoftBank Corp. (out of the 3,182,919,470 shares held through SoftBank Group Japan Corporation) for ¥310.2 billion through several securities companies. Since SoftBank Corp. continues to be a subsidiary of SBG following this sale, the amount equivalent to the after-tax gain on the sale was recorded as capital surplus in the Condensed Interim Consolidated Statement of Financial Position. In addition, a credit of income taxes (profit) was recorded, mainly due to the determination that the transaction has increased the probability of generating taxable income at SoftBank Group Japan Corporation that is available for the use of loss carryforwards, to which deferred tax assets had not been recognized.

### Share repurchases based on the ¥4.5 trillion program

*As of August 3, 2020*

Date of Board resolution	Total number of shares to be repurchased	Total amount of repurchase	Repurchase period
May 15, 2020	81,940,400 (Repurchased)	¥500 billion (Repurchased)	From June 17, 2020 to August 3, 2020
June 25, 2020	Maximum of 115 million	Maximum of ¥500 billion	From June 26, 2020 to March 31, 2021
July 30, 2020	Maximum of 240 million	Maximum of ¥1 trillion	From July 31, 2020 to July 30, 2021
<i>(Reference: Status of share repurchase resolved before the ¥4.5 trillion program)</i>			
March 13, 2020	107,679,300 (Repurchased)	¥500 billion (Repurchased)	From March 16, 2020 to June 15, 2020

### Reduction of debt based on the ¥4.5 trillion program

No debt reductions took place in the first quarter as part of the ¥4.5 trillion program. However, the Company implemented the following debt reductions subsequent to the first quarter-end.

**a. Repurchase of domestic unsecured corporate bonds**

On July 22, 2020, SBG completed the repurchase of domestic unsecured corporate bonds with a total face value of ¥167.6 billion.

**b. Repayment of margin loan using Alibaba shares**

In July 2020, Skywalk Finance GK, a wholly owned subsidiary of the Company, fully repaid \$9.4 billion in borrowings using Alibaba shares (margin loan).

**MAJOR IMPACTS OF THE MERGER BETWEEN SPRINT AND T-MOBILE US, INC. AND THE PARTIAL SALE OF T-MOBILE SHARES ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER**

**Impact of the merger of Sprint and T-Mobile US, Inc.**

**a. Impact on the Condensed Interim Consolidated Statement of Income**

A gain relating to loss of control of Sprint of ¥736.4 billion was recorded under “net income from discontinued operations.”

**b. Impact on the Condensed Interim Consolidated Statement of Financial Position**

*Assets*

- The fair value of T-Mobile shares, which were received as consideration for the Merger, of ¥2.7 trillion was recorded under “investments accounted for using the equity method” (as a result of the partial sale of T-Mobile shares mentioned below, the T-Mobile shares continued to be held by the Company were reclassified to “investment securities” at fair value).
- The fair value of the Contingent Consideration, which was received as consideration for the Merger, of ¥196.3 billion was recorded under “derivative financial assets.” The Contingent Consideration is measured at fair value at each quarter-end, with changes recorded under “gain (loss) on investments at Investment Business of Holding Companies” in the Consolidated Statement of Income. Derivative gain of ¥129.6 billion was recorded in the first quarter related to the Contingent Consideration.

**Impact of the partial sale of T-Mobile shares**

**a. Impact on the Condensed Interim Consolidated Statement of Income**

*Gain (loss) on investments*

Gain relating to sales of T-Mobile shares of ¥421.9 billion was recorded under “gain (loss) on investments at Investment Business of Holding Companies.” This consisted of a gain of ¥280.3 billion on the sale of shares of associates, a gain of ¥296.0 billion on the revaluation of T-Mobile shares continued to be held by the Company, and a derivative loss relating to the Deutsche Telekom Call Options of ¥154.5 billion.

## **b. Impact on the Condensed Interim Consolidated Statement of Financial Position**

### *Assets*

T-Mobile shares continued to be held by the Company were recorded under “investment securities” at fair value (first quarter-end: ¥1.5 trillion). The T-Mobile shares continued to be held are measured at fair value at each quarter-end, with changes recorded under “gain (loss) on investments at Investment Business of Holding Companies” in the Consolidated Statement of Income. Unrealized loss on valuation of investments of ¥14.8 billion was recorded in the first quarter related to T-Mobile shares.

### *Liabilities*

The Deutsche Telekom Call Options were recorded under “derivative financial liabilities” at fair value (first quarter-end: ¥147.5 billion). The Deutsche Telekom Call Options are measured at fair value at each quarter-end, with changes recorded as derivative gain or loss under “gain (loss) on investments at Investment Business of Holding Companies” in the Consolidated Statement of Income.

## **c. Impact on the Condensed Interim Consolidated Statement of Cash Flows**

### *Cash flows from investing activities*

Proceeds from the sale of T-Mobile shares of ¥1.8 trillion were recorded under “proceeds from sales/redemption of investments.”

## **IMPACT FROM THE COVID-19 PANDEMIC**

There is still no sign of an end to the COVID-19 pandemic. Data collected by Johns Hopkins University in the U.S. indicate that as of August 2, 2020, the total number of COVID-19 cases worldwide surpassed 18 million. The number of infections continues to increase in countries such as the U.S., India, Brazil, and African nations. Global stock markets, which had plunged from late February 2020, are starting to rebound to their pre-plunge levels, but continue to be volatile due to concerns about a second or third wave of the virus.

SoftBank Vision Fund recorded gain on investments of ¥296,577 million in the first quarter, an improvement of ¥1.4 trillion from the prior quarter, supported by a recovery in fair value of investments centered on listed portfolio companies due to a rebound in public equity markets. The impact on portfolio companies from the COVID-19 pandemic varies significantly across sectors. Online businesses such as e-commerce and food delivery have seen an increase in customer engagement, while businesses such as travel and hospitality remain adversely impacted. The pandemic is expected to continue to affect each portfolio company differently in the future.

**a. Consolidated Results of Operations**

	(Millions of yen)			
	Three months ended June 30			
	2019	2020	Change	Change %
<b>Continuing operations</b>				
Net sales	1,480,292	<b>1,450,055</b>	(30,237)	(2.0%) <b>A</b>
Gross profit	667,561	<b>707,820</b>	40,259	6.0%
Gain on investments				
Gain on investments at Investment Business of Holding Companies	1,226,250	<b>650,493</b>	(575,757)	(47.0%) <b>B</b>
Gain on investments at SoftBank Vision Fund and other SBIA-managed funds	414,419	<b>296,577</b>	(117,842)	(28.4%) <b>C</b>
Gain on other investments	6,364	<b>35,882</b>	29,518	463.8%
Total gain on investments	1,647,033	<b>982,952</b>	(664,081)	(40.3%)
Selling, general and administrative expenses	(457,370)	<b>(513,875)</b>	(56,505)	12.4%
Finance cost	(71,822)	<b>(78,132)</b>	(6,310)	8.8% <b>D</b>
Income on equity method investments	91,573	<b>6,416</b>	(85,157)	(93.0%) <b>E</b>
Derivative gain (loss) (excluding gain (loss) on investments)	2,575	<b>(176,257)</b>	(178,832)	- <b>F</b>
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	(184,488)	<b>(147,643)</b>	36,845	(20.0%)
Other gain (loss)	(54)	<b>51,766</b>	51,820	-
Income before income tax	1,695,008	<b>833,047</b>	(861,961)	(50.9%)
Income taxes	(506,813)	<b>(253,055)</b>	253,758	(50.1%) <b>G</b>
Net income from continuing operations	1,188,195	<b>579,992</b>	(608,203)	(51.2%)
<b>Discontinued operations</b>				
Net income from discontinued operations	(10,716)	<b>736,429</b>	747,145	- <b>H</b>
Net income	1,177,479	<b>1,316,421</b>	138,942	11.8%
Net income attributable to owners of the parent	1,121,719	<b>1,255,712</b>	133,993	11.9%
Total comprehensive income	747,172	<b>1,136,007</b>	388,835	52.0%
Comprehensive income attributable to owners of the parent	706,799	<b>1,073,486</b>	366,687	51.9%

Note: From the previous fiscal year, continuing operations and discontinued operations have been presented separately. To reflect this change in presentation, figures for the same period of the previous fiscal year have been restated and presented in a similar manner.

The following is an overview of the main and noteworthy components.

#### **A Net Sales**

Net sales increased in the SoftBank and Arm segments, but decreased in the Brightstar segment.

#### **B Gain on Investments at Investment Business of Holding Companies**

Gain relating to sales of T-Mobile shares of ¥421,863 million was recorded. In the same period of the previous fiscal year, a gain of ¥1,218,527 million relating to settlement of prepaid forward contract using Alibaba shares was recorded. See “(a) Investment Business of Holding Companies Segment” under “b. Results by Segment” for details.

#### **C Gain on Investments at SoftBank Vision Fund and Other SBIA-Managed Funds**

Realized gain on sales of investments of ¥111,425 million was recorded as a result of the sale by SoftBank Vision Fund of a portion of its shares in four listed portfolio companies’ and all shares of three unlisted portfolio companies (including share exchanges with the shares of affiliated portfolio companies). In addition, unrealized gain on valuation of ¥258,056 million (net) from 86 investments held at the first quarter-end was recorded. See “(b) SoftBank Vision Fund and Other SBIA-Managed Funds Segment” under “b. Results by Segment” for details.

**Primarily as a result of B and C, gain on investments was ¥982,952 million, a decrease of ¥664,081 million (40.3%) year on year.**

#### **D Finance Cost**

Interest expenses increased ¥2,039 million in the Investment Business of Holding Companies segment, ¥2,699 million in the SoftBank Vision Fund and Other SBIA-Managed Funds segment, and ¥2,243 million in the SoftBank segment.

#### **E Income on Equity Method Investments**

Income on equity method investments of ¥24,736 million related to T-Mobile for the period from April 1, 2020 to June 25, 2020 was recorded, which was not recorded for the same period of the previous fiscal year. On the other hand, loss on equity method investments related to Alibaba deteriorated ¥107,586 million to ¥18,472 million. This was mainly due to the recording of investment loss on investments classified as financial assets at FVTPL during the three-month period ended March 31, 2020,<sup>2</sup> following the fall in stock markets due to the COVID-19 outbreak.

#### **F Derivative Gain (Loss) (Excluding Gain (Loss) on Investments)**

Derivative loss of ¥179,471 million was recorded in connection with prepaid forward contracts using Alibaba shares entered into in November 2019 and from April to June 2020.

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<sup>2</sup> The Company applies equity method to Alibaba’s consolidated financial statements for a reporting period staggered by three months in the past, since it is impractical to align reporting periods with Alibaba due to factors such as contracts with the company. Necessary adjustments have been made to reflect important transactions and events announced by Alibaba during the staggered three-month period.

**Primarily as a result of A through F, income before income tax was ¥833,047 million, a decrease of ¥861,961 million (50.9%) year on year.**

#### **G Income Taxes**

Income taxes related to SoftBank Corp. and Yahoo Japan Corporation were recorded, as well as tax expenses related to the sale of T-Mobile shares. In addition, a credit of income taxes of ¥58,147 million (profit) was recorded mainly due to the determination that the partial sale of SoftBank Corp. shares (see “3. Partial sale of SoftBank Corp. shares” on page 7) has increased the probability of generating taxable income at SoftBank Group Japan Corporation that is available for the use of loss carryforwards, to which deferred tax assets had not been recognized.

#### **H Net Income from Discontinued Operations**

The Company recorded a gain of ¥736,429 million relating to loss of control of Sprint in connection with Sprint ceasing to be a subsidiary of the Company, following the completion of the merger between Sprint and T-Mobile US, Inc.

**Primarily as a result of A through H, net income attributable to owners of the parent was ¥1,255,712 million, an increase of ¥133,993 million (11.9%) year on year.**

For a basic information used to calculate income (loss) on equity method investments related to Alibaba, see the Data Sheets in “Materials” under “Earnings Results Briefing” on the Company’s website at <https://group.softbank/en/ir/presentations/>.

## b. Results by Segment

The Company's reportable segments are the components of its business activities for which decisions on resource allocation and assessment of performance are made. Given that investment activities have taken on greater importance in the Company's overall consolidated financial results, the Company has changed its segment classifications from the first quarter. There are now five reportable segments: Investment Business of Holding Companies, SoftBank Vision Fund and Other SBIA-Managed Funds, SoftBank, Arm, and Brightstar. Along with no longer presenting "operating income" in the Consolidated Statement of Income, the Company has revised segment income in each reportable segment to "income before income tax."

Until the previous fiscal year, there were four reportable segments: SoftBank Vision Fund and Other SBIA-Managed Funds, SoftBank, Arm, and Brightstar.

The following is a summary of the reportable segments.

Segments	Main businesses	Core companies
<b>Reportable segments</b>		
Investment Business of Holding Companies	· Investment activities by SBG and its subsidiaries	SoftBank Group Corp. SoftBank Group Capital Limited SoftBank Group Japan Corporation
SoftBank Vision Fund and Other SBIA-Managed Funds	· Investment activities by SoftBank Vision Fund	SB Investment Advisers (UK) Limited SoftBank Vision Fund L.P.
SoftBank	· Provision of mobile communications services, sale of mobile devices, and provision of broadband and other fixed-line communications services in Japan · Internet advertising and e-commerce business	SoftBank Corp. Z Holdings Corporation
Arm	· Design of microprocessor intellectual property and related technology · Sale of software tools and provision of software services	Arm Limited
Brightstar	· Distribution of mobile devices overseas	Brightstar Corp.
Other	· Smartphone payment business · Alternative investment management business · Investment fund business in Latin America · Fukuoka SoftBank HAWKS-related businesses	PayPay Corporation Fortress Investment Group LLC Fukuoka SoftBank HAWKS Corp.

**(a) Investment Business of Holding Companies Segment**
**1. Recorded gain relating to sales of T-Mobile shares of ¥421.9 billion**

Recorded a gain of ¥280.3 billion on the sale of shares of associates, a gain of ¥296.0 billion on the revaluation of shares continued to be held by the Company, and a derivative loss of ¥154.5 million.

**2. Received total proceeds of ¥3.6 trillion in the first quarter from the partial sale of T-Mobile shares, prepaid forward contracts using Alibaba shares, and partial sale of SoftBank Corp. shares**
**OVERVIEW**

This segment is led by SBG, which conducts investment activities, either directly or through subsidiaries, as a strategic investment holding company. The segment consists of SBG and certain subsidiaries engaged in investment and financing activities such as SoftBank Group Capital Limited and SoftBank Group Japan Corporation (“SBGJ”). Gain and loss on investments at Investment Business of Holding Companies comprises gains and losses on investments held by SBG either directly or through its subsidiaries, excluding gain and loss on investments pertaining to subsidiaries’ shares, such as dividend income from subsidiaries or impairment loss relating to subsidiaries’ shares.

The companies comprising this segment hold approximately 120 portfolio companies, including Alibaba, T-Mobile, and The We Company (“WeWork”).\*1 They are either equity method associates (such as Alibaba) or investments classified as financial assets at FVTPL. With regard to the financial results of portfolio companies classified as equity method associates, gain or loss is recorded as income on equity method investments in proportion to equity interest. Investments classified as financial assets at FVTPL are measured at fair value every quarter, and any change in fair value is recorded in the Consolidated Statement of Income as “gain (loss) on investments.”

Note:

1. Gain and loss on investments related to WeWork shares held by SoftBank Vision Fund are included in the SoftBank Vision Fund and Other SBIA-Managed Funds segment.

**FINANCIAL RESULTS**

(Millions of yen)

	Three months ended June 30			
	2019	2020	Change	Change %
Gain on investments	1,226,250	<b>650,493</b>	(575,757)	(47.0%) <b>A</b>
Gain relating to sales of T-Mobile shares	-	<b>421,863</b>	421,863	-
Gain relating to settlement of prepaid forward contracts using Alibaba shares	1,218,527	-	(1,218,527)	-
Realized gain on sales of investments	1,738	<b>65,445</b>	63,707	-
Unrealized gain on valuation of investments	15,188	<b>28,515</b>	13,327	87.7%
Derivative gain (loss) on investments	(11,082)	<b>133,349</b>	144,431	-
Other	1,879	<b>1,321</b>	(558)	(29.7%)
Selling, general and administrative expenses	(18,322)	<b>(22,288)</b>	(3,966)	21.6%
Finance cost	(51,111)	<b>(53,150)</b>	(2,039)	4.0% <b>B</b>
Income on equity method investments	88,883	<b>4,103</b>	(84,780)	(95.4%) <b>C</b>
Derivative gain (loss) (excluding gain (loss) on investments)	2,113	<b>(176,189)</b>	(178,302)	- <b>D</b>
Other gain (loss)	(633)	<b>55,928</b>	56,561	- <b>E</b>
<b>Segment income (income before income tax)</b>	<b>1,247,180</b>	<b>458,897</b>	<b>(788,283)</b>	<b>(63.2%)</b>



A Gain on investments: ¥650,493 million

- Gain relating to sales of T-Mobile shares of ¥421,863 million was recorded. This gain consists of (1) a gain of ¥280,341 million on the sale of shares of associates in connection with the sale of 173,564,426 shares of the 304,606,049 T-Mobile shares held on June 26, 2020; (2) a gain of ¥296,013 million on the revaluation of T-Mobile shares continued to be held by the Company following the exclusion of T-Mobile from the Company's equity method associates; and (3) a derivative loss of ¥154,491 million relating to the call options received by Deutsche Telekom for 101,491,623 T-Mobile shares held by the Company.
- Derivative gain on investments of ¥133,349 million was recorded. This was mainly due to the recording of a gain of ¥129,649 million as an increase in the fair value of the right to purchase T-Mobile shares for no additional considerations if certain conditions are met, which was received as consideration for the merger between Sprint and T-Mobile US, Inc.
- Realized gain of ¥65,445 million on sales of investments was recorded. This gain was mainly attributable to investments made in highly liquid listed shares using funds procured from the ¥4.5 trillion program and other surplus funds.

B Finance cost: ¥53,150 million (increased ¥2,039 million year on year)

- Interest expenses at SBG<sup>3</sup> increased ¥1,993 million, to ¥53,102 million.

C Income on equity method investments: ¥4,103 million (decreased ¥84,780 million year on year)

- Income on equity method investments of ¥24,736 million related to T-Mobile for the period from April 1, 2020 to June 25, 2020 was recorded, which was not recorded for the same period of the previous fiscal year.
- Loss on equity method investment related to Alibaba deteriorated ¥107,586 million, to ¥18,472 million. This was mainly due to the recording of investment loss on investments classified as financial assets at FVTPL for the three-month period ended March 31, 2020,<sup>2</sup> following the fall in stock markets due to the COVID-19 outbreak.

D Derivative loss: ¥176,189 million

- Derivative loss of ¥179,471 million was recorded in connection with the prepaid forward contracts using Alibaba shares entered into in November 2019 and from April to June 2020.

E Other gain: ¥55,928 million

- In the three-month period ended March 31, 2020 (the fourth quarter of the previous fiscal year), the Company recorded provisions for allowance for financial guarantee contract losses and loan commitment losses of ¥52,349 million and ¥90,210 million, respectively, in connection with a credit support by the Company for a letter of credit facility provided to WeWork by financial institutions and a purchase by the Company's wholly owned subsidiary of unsecured notes to be issued by WeWork; however in the first quarter, mainly due to the improvement in the credit risk of WeWork, the Company recorded a reversal of ¥3,472 million and ¥43,485 million, respectively.

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<sup>3</sup> The presentation of interest expenses at SBG includes interest expenses on interest-bearing debts of wholly owned subsidiaries conducting fund procurement (Skywalk Finance GK, West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC, Skylark 2020 Holdings Limited, and Moonlight Finance GK). These interest-bearing debts are not guaranteed by SBG, hence, are non-recourse to the company.

## MAIN INITIATIVES IN THE FIRST QUARTER

See “PROGRAM TO SELL OR MONETIZE ¥4.5 TRILLION OF ASSETS (¥4.5 TRILLION PROGRAM)” on page 5, for details of the sale and monetization of assets, share repurchases, and reduction of debt under the ¥4.5 trillion program.

## MAIN INTEREST-BEARING DEBT IN THIS SEGMENT

Borrower	Type	Balance as of June 30, 2020 on Condensed Interim Consolidated Statement of Financial Position
SBG	Borrowings	¥1,334.8 billion
	Corporate bonds	¥4,939.0 billion
	Commercial paper	¥45.0 billion
(Wholly owned subsidiaries conducting fund procurement*1)		
West Raptor Holdings, LLC; West Raptor Holdings 2, LLC; Skybridge LLC; Skylark 2020 Holdings Limited	Prepaid forward contracts using Alibaba shares (forward contracts, floor contracts, collar contracts, and call spread)	¥1,933.1 billion
Skywalk Finance GK	Borrowings using Alibaba shares	¥1,015.3 billion
Moonlight Finance GK	Borrowings using SoftBank Corp. shares	¥497.7 billion

Note:

1. Borrowings of wholly owned subsidiaries conducting fund procurement are non-recourse to SBG.

### (Reference)

#### Cash and cash equivalents and balance of unused committed credit lines of SBG on a stand-alone basis

	As of June 30, 2020
Cash and cash equivalents	¥3,893.4 billion
Balance of undrawn commitment line	-

## (b) SoftBank Vision Fund and Other SBIA-Managed Funds Segment

**1. Gain on investment (net) was ¥296.6 billion, an improvement of ¥1.4 trillion from the prior quarter. Segment income, after deducting change in third-party interests, was ¥129.6 billion.**

◆ SoftBank Vision Fund\*<sup>1</sup>

- Realized gain on sales of investments (net) of ¥111.4 billion: Sold a portion of its shares in four listed portfolio companies, etc.
- Unrealized gain on valuation of investments (net) of ¥258.1 billion from investments held at the first quarter-end: Recorded ¥149.4 billion gain on investments in listed portfolio companies due to a recovery in the public equity markets, and ¥108.7 billion on investments in unlisted portfolio companies driven by the fair value uplift of portfolio companies with expanded customer engagement during the COVID-19 crisis.

**2. Progress of investment and management at SoftBank Vision Fund**

- ◆ Held 86 investments as of the first quarter-end at cost totaling \$75.2 billion, with fair value amounting to \$71.5 billion. Cumulative gross gains\*<sup>2</sup> (including exited investments) since inception reached \$2.0 billion.
- ◆ A portfolio company, Relay Therapeutics, Inc., became a publicly listed issuer on July 16, 2020.
- ◆ SBIA is continuing to provide portfolio companies with operational support and guidance on strategy, including establishing customized roadmaps to recovery.

Notes:

1. Excludes the investment results of new investment vehicles, which are intended to hold certain investments that are expected to be treated as the initial investments of “SoftBank Vision Fund 2” (planned).
2. Includes derivative gains related to portfolio companies’ shares. Cumulative gross gains are before deducting third-party interests, tax, and expenses.

## OVERVIEW

Segment results mainly include the results of the investment and operational activities of SoftBank Vision Fund. The fund is managed by SBIA, a wholly owned subsidiary of the Company established in the U.K., which is authorized and regulated by the Financial Conduct Authority.

SoftBank Vision Fund aims to maximize returns from a medium- to long-term perspective, through large-scale investments in high-growth-potential companies leveraging AI, particularly in private companies valued at over \$1 billion at the time of investment, colloquially known as “unicorns.” The fund’s investment period ended on September 12, 2019. The remaining undrawn capital is reserved for follow-on investments in existing portfolio companies (including investments in joint ventures with them), fixed distributions, and operating expenses. In principle, the life of the fund is until November 20, 2029.

### Impact of the COVID-19 pandemic

While COVID-19 continues to impact global economies and financial markets, SoftBank Vision Fund has seen significant variation in impact across sectors. Online businesses such as e-commerce and food delivery have seen an increase in customer engagement, while businesses such as travel and hospitality remain adversely impacted. In the Company's Condensed Interim Consolidated Financial Statements, the fair value measurement of portfolio companies was based on expected company-specific COVID-19 impact as of June 30, 2020, liquidity positions of each company, market conditions and comparables, and increased market volatility. The impact of the COVID-19 pandemic is expected to continue to affect each portfolio company differently in the future.

As a result, SBIA has worked with individual portfolio companies to establish a customized roadmap to recovery and share advice on how to reduce costs, assess various approaches globally for recovery, retain flexibility, develop scenario plans for disruptions in global supply chains, and analyze changes in customer behaviors. In some industries SBIA is working with companies to capitalize on growth opportunities, whereas in others, it is guiding them towards a more cautious approach to focus on optimizing cash reserves. Across the entirety of the portfolio, regardless of sector or geography, SBIA has encouraged all companies to use this time to reassess their expenses, optimize and streamline their businesses, preserve business flexibility and maintain clear contingency plans. While the duration of COVID-19 is unpredictable, SBIA is committed to helping the SoftBank Vision Fund portfolio companies get through the crisis and continues to believe the majority of its companies are well positioned to emerge from this difficult time stronger and with best practices in place.

### Outline of principal funds in the segment

*As of June 30, 2020*

	SoftBank Vision Fund
Major limited partnership	SoftBank Vision Fund L.P.
Total committed capital (Billions of U.S. dollars)	98.6 The Company: 33.1, Third-party investors: 65.5
General partner	SVF GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)
Investment period	Ended on September 12, 2019
Minimum fund life	Until November 20, 2029 (in principle)

Note: The Company's committed capital to SoftBank Vision Fund includes approximately \$8.2 billion of an obligation satisfied by using Arm Limited shares (all said shares have been contributed) and \$5.0 billion earmarked for use in an incentive scheme related to SoftBank Vision Fund.

For a complete list of SoftBank Vision Fund's portfolio companies, see the Data Sheets in "Materials" under "Earnings Results Briefing" on the Company's website at <https://group.softbank/en/ir/presentations/>.

## Capital deployment of SoftBank Vision Fund

As of June 30, 2020

	(Billions of U.S. dollars)		
	Total	The Company	Third-party investors
Committed capital (A)	98.6	33.1	65.5
Drawn capital <sup>4</sup> (B)	84.1	28.4	55.7
Return of capital (non-recallable) (C)	5.9	0.9	5.0
Outstanding capital (D) = (B) – (C)	78.2	27.5	50.7
Remaining committed capital (E) = (A) - (B)	14.5	4.7	9.8

Note: The Company's committed capital to SoftBank Vision Fund includes approximately \$8.2 billion of an obligation satisfied by using Arm Limited shares (all said shares have been contributed) and \$5.0 billion earmarked for use in an incentive scheme related to SoftBank Vision Fund.

## FINANCIAL RESULTS

	(Millions of yen)			
	Three months ended June 30			
	2019	2020	Change	Change %
Gain on investments	414,419	296,577	(117,842)	(28.4%)
Realized gain on sales of investments	-	111,425	111,425	-
Unrealized gain (loss) on valuation of investments	408,514	178,114	(230,400)	(56.4%)
Change in valuation for the fiscal year	408,514	258,056	(150,458)	(36.8%)
Reclassified to realized gain recorded in the past fiscal year* <sup>1</sup>	-	(79,942)	(79,942)	-
Dividend income from investments	5,905	2,888	(3,017)	(51.1%)
Derivative gain on investments	-	815	815	-
Effect of foreign exchange translation	-	3,335	3,335	-
Selling, general and administrative expenses	(16,795)	(14,342)	2,453	(14.6%)
Finance cost	(1,901)	(4,600)	(2,699)	142.0%
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	(184,488)	(147,643)	36,845	(20.0%)
Other gain (loss)	829	(362)	(1,191)	-
<b>Segment income (income before income tax)</b>	212,064	129,630	(82,434)	(38.9%)

Note:

1. Unrealized gain on valuation of investments recorded in prior fiscal years related to the investments exited in the fiscal year are reclassified to "realized gain on sale of investments."

During the first quarter, SoftBank Vision Fund made follow-on investments totaling \$1.27 billion in existing portfolio companies and their joint ventures,<sup>5</sup> and sold a portion of its shares in four listed portfolio companies and all of its shares in three unlisted portfolio companies<sup>5</sup> for a total of \$2.10 billion,<sup>6</sup> of which the initial acquisition costs were \$1.07 billion.

<sup>4</sup> Drawn capital of SoftBank Vision Fund excludes the amount repaid to limited partners due to investment plan changes and other reasons after the capital was drawn.

<sup>5</sup> Includes share exchanges. During the first quarter, SoftBank Vision Fund exchanged all of its shares in two portfolio companies for shares in their affiliated companies, which are also existing portfolio companies. Such share exchanges are treated as exits from investments and acquisitions of new investments, with the sale price and acquisition cost being recorded in gross, respectively, and with the difference between the acquisition cost of shares initially held and sale price (acquisition cost of the exchanged shares) being recorded as realized gain or loss on the investments.

<sup>6</sup> After deducting transaction fees, etc.

**Segment income**Gain on investments: ¥296,577 million

- Realized gain on sales of investments of ¥111,425 million was recorded as a result of the sale by SoftBank Vision Fund of a portion of its shares in four listed portfolio companies and all shares of three unlisted portfolio companies.<sup>5</sup>
- Unrealized gain on valuation of investments from 86 investments held by SoftBank Vision Fund at the first quarter-end was ¥258,056 million (\$2,395 million, net). See “Portfolio of SoftBank Vision Fund” below for a breakdown. Unrealized valuation gain totaled \$1,387 million on listed portfolio companies due to a rebound in their share prices primarily as a result of a recovery in the public equity markets. In addition, unrealized valuation gain totaling \$1,008 million was recorded on unlisted portfolio companies driven by increases in the fair value of investments in online businesses such as e-commerce and food delivery, which have seen increases in customer engagement during the COVID-19 crisis.

Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds: ¥(147,643) million

This indicates the sum of distributions to third-party investors in proportion to their interests in fixed distributions and performance-based distributions, which are based on the gain and loss on investments at SoftBank Vision Fund and other SBIA-managed funds, net of management and performance fees payable to SBIA, a wholly owned subsidiary of the Company, and operating and other expenses of SoftBank Vision Fund and other SBIA-managed funds. See “(2) Third-party interests in SoftBank Vision Fund” under “5. SoftBank Vision Fund and other SBIA-managed funds business” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.

**Portfolio of SoftBank Vision Fund**

As of June 30, 2020

(Billions of U.S. dollars)

**(1) Investments before exit (investments held at the first quarter-end)**

Sector	Number of investments	Investment cost A1	Fair value A2	Cumulative unrealized gain/loss*1 A3	Unrealized gain (loss) recoded in the fiscal year Q1
a Consumer	14	11.5	13.7	2.2	0.9
b Enterprise	8	2.2	2.9	0.7	(0.0)
c Fintech	11	4.9	4.9	(0.0)	0.0
d Frontier Tech	10	10.8	10.4	(0.4)	(0.0)
e Health Tech	10	2.3	4.5	2.2	0.6
f Real Estate & Construction	9	9.7	4.6	(5.1)	(0.1)
g Transportation & Logistics	24	33.8	30.5	(3.3)	1.0
<b>Total</b>	<b>86</b>	<b>75.2</b>	<b>71.5</b>	<b>(3.7)</b>	<b>2.4</b>
<b>(Reference)</b>					
Listed companies*2	8	8.9	10.0	1.1	1.4
b Slack		0.0	0.1	0.1	0.0
c OneConnect		0.1	0.1	(0.0)	0.0
c ZhongAn Insurance		0.5	0.4	(0.1)	0.1
e 10x Genomics		0.0	0.1	0.1	0.0
e Guardant Health		0.2	1.1	0.9	0.2
e Ping An Good Doctor		0.2	0.4	0.2	0.2
e Vir Biotechnology		0.2	0.9	0.7	0.2
g Uber		7.7	6.9	(0.8)	0.7
Unlisted companies	78	66.3	61.5	(4.8)	1.0
<b>Total</b>	<b>86</b>	<b>75.2</b>	<b>71.5</b>	<b>(3.7)</b>	<b>2.4</b>

**(2) Exited investments**

	Number of investments	Investment cost B1	Sale price B2	Cumulative realized gain/loss*3 B3	Realized gain (loss) recoded in the fiscal year Q1
Partial exit	-	0.8	2.8	2.0	1.4
Full exit <sup>5</sup>	6	6.3	8.5	2.2	(0.4)
<b>Total</b>	<b>6</b>	<b>7.1</b>	<b>11.3</b>	<b>4.2</b>	<b>1.0</b>

**(3) Derivative gain and loss relating to investment**

	Derivative cost C1	Fair value/ settlement price C2	Cumulative derivative gain/loss C3
Unsettled	(0.0)	(0.0)	0.0
Settled	0.0	1.5	1.5
<b>Total</b>	<b>0.0</b>	<b>1.5</b>	<b>1.5</b>

**Total ( (1) + (2) +(3) )**

	Cumulative number of investments	Cumulative investment cost A1+B1+C1	Cumulative investment return A2+B2+C2	Cumulative gain/loss*3 A3+B3+C3
<b>Total</b>	<b>92</b>	<b>82.3</b>	<b>84.3</b>	<b>2.0</b>

## Notes:

- For a certain investment that was once decided to be transferred from the Company to SoftBank Vision Fund but canceled afterwards, its unrealized gain and loss incurred for the period leading up to the decision to cancel the transfer are not included in the presentation.
- The letter attached to the listed companies indicates the sector to which the company belongs. Investments in that sector are not limited to those listed companies.
- Before deducting third-party interests, tax, and expenses

**(c) SoftBank Segment**

- 1. Segment income decreased 0.9% yoy: Despite the growth in Z Holdings Corporation and the enterprise business, income decreased in the retail consumers business.**
- 2. Business integration of Z Holdings Corporation and LINE Corporation: A tender offer for shares of LINE Corporation commenced on August 4, 2020.**

(Millions of yen)

	Three months ended June 30		Change	Change %
	2019	2020		
Net sales	1,164,586	<b>1,172,322</b>	7,736	0.7%
Segment income (income before income tax)	261,696	<b>259,249</b>	(2,447)	(0.9%)
Depreciation and amortization	(164,949)	<b>(173,134)</b>	(8,185)	5.0%
Gain on investments	9,373	<b>4,116</b>	(5,257)	(56.1%)
Finance cost	(14,013)	<b>(16,256)</b>	(2,243)	16.0%
Loss on equity method investments* <sup>1</sup>	(3,458)	<b>(9,006)</b>	(5,548)	-

**Note:**

1. This refers mainly to loss on equity method investments related to PayPay Corporation. At SoftBank Corp., PayPay Corporation is classified as an equity method affiliate, however, PayPay Corporation has consistently been classified as a subsidiary at SBG since its founding in June 2018 and with its financial results included in "Other." For this reason, loss on equity method investments related to PayPay Corporation recognized in the SoftBank segment is eliminated in the "Reconciliations" account of segment information.

**FINANCIAL RESULTS**

Segment income decreased ¥2,447 million (0.9%) year on year, to ¥259,249 million. Although Z Holdings Corporation and the enterprise business underpinned the growth, they could not fully offset the negative impact of lower income in the retail consumers business, decreased gain on investments, and increased loss on equity method investments.

Income increased in Z Holdings Corporation and in the enterprise business, respectively. For Z Holdings Corporation, this was mainly due to the consolidation of ZOZO, Inc. in November 2019 and an increase in revenue of the existing e-commerce business. For the enterprises business, it was due to an increase in net sales of cloud services and security solutions, following the expansion of telework to address the COVID-19 pandemic. On the other hand, income decreased year on year due to factors including the impact of discounts for price plans, despite continued steady growth in the cumulative number of smartphone subscribers.

**Business integration of Z Holdings Corporation and LINE Corporation**

In December 2019, Z Holdings Corporation and LINE Corporation, along with SoftBank Corp. and NAVER Corporation, concluded a four-way definitive agreement regarding a business integration (the "Business Integration"). Z Holdings Corporation, as the listed integrated company resulting from the Business Integration, is expected to become a subsidiary of the Company and SoftBank Corp. As part of the transactions to realize the Business Integration, on August 3, 2020, SoftBank Corp. and a wholly owned subsidiary of NAVER Corporation decided to commence a tender offer for shares of LINE Corporation. The tender offer commenced on August 4, 2020. In line with this decision, the Business Integration is expected to be completed around March 2021.

For more information on SoftBank Corp.'s financial results and business operations, please refer to its website at <https://www.softbank.jp/en/corp/ir/>.



#### (d) Arm Segment

##### 1. Net sales increased 7.1% yoy; however, segment loss deteriorated due to accelerated R&D investments

- ◆ Technology royalty revenue increased 17.5% yoy (U.S. dollar-based) led by an increase in shipments of 5G related smartphones and networking equipment. Technology licensing revenue decreased only 2.4% yoy (U.S. dollar-based), despite the increased uncertainty around the semiconductor industry from the impact of COVID-19.
- ◆ Segment loss deteriorated ¥2.2 billion yoy due to an increase in head count following the enhanced R&D.

##### 2. Arm's accelerated R&D investments bearing fruit

- ◆ Supercomputer *Fugaku* with Arm-based technology for servers, ranked number one in the TOP500, a global ranking based on calculation speed of supercomputers.
- ◆ Arm signed new licenses for technologies to be used across multiple growth segments including wearable devices, IoT, servers, and gaming devices that will underpin future revenue growth.

(Millions of yen)

	Three months ended June 30		Change	Change %
	2019	2020		
Net sales	45,931	<b>49,202</b>	3,271	7.1%
Segment income (income before income tax)	(11,173)	<b>(13,340)</b>	(2,167)	-

Note: Segment income includes amortization expenses of ¥12,215 million for the first quarter and ¥12,868 million for the same period of the previous fiscal year. These expenses are related to intangible assets recognized in the purchase price allocation at the time of the acquisition of Arm.

#### OVERVIEW

Arm's operations are primarily the licensing of semiconductor intellectual property (IP), including the design of energy-efficient microprocessors and associated technologies. Arm has accelerated investment in R&D by hiring more engineers. With the expansion of its engineering capability, Arm can develop new technologies that will help it maintain or increase its share of the existing markets and expand into new markets.

#### Industry trends and their impact

Semiconductor industry trends can have a significant impact on Arm's financial results. The industry is vulnerable to external factors, including trade disputes and sanctions against specific companies, and also the impact from reduction in economic activity caused by COVID-19. For this fiscal year, from these impacts, if shipments of consumer electronics devices continue to be weak, it may lead to lower technology royalty revenue, and if licensees that face reduced revenues continue to delay licensing decisions, it may lead to lower technology licensing revenue. However, it is difficult to anticipate the negative impact on the whole semiconductor industry or Arm at this point.

Although those risks still remain, as market conditions improve, Arm expects that its business will continue to grow again. In addition, Arm is expecting that as technology becomes more advanced, its technology will be further utilized and opportunities will expand over the long term.

## FINANCIAL RESULTS

### Net sales in U.S. dollars

Net sales in this section are presented in U.S. dollars as Arm's revenue is primarily based in U.S. dollars.

(Millions of U.S. dollars)

	Fiscal year ended March 31, 2020				Fiscal year ending March 31, 2021	yoy	
	Q1	Q2	Q3	Q4	Q1	Change	Change %
Technology licensing	125	87	130	240	<b>122</b>	(3)	(2.4%)
Technology royalty	240	254	312	275	<b>282</b>	42	17.5%
Software and services	53	55	63	64	<b>53</b>	0	0.0%
<b>Total net sales</b>	<b>418</b>	<b>396</b>	<b>505</b>	<b>579</b>	<b>457</b>	<b>39</b>	<b>9.3%</b>

Net sales increased \$39 million (9.3%) year on year in the first quarter. While technology licensing revenue decreased \$3 million (2.4%), technology royalty revenue increased \$42 million (17.5%).

### **Technology licensing**

Technology licensing revenue decreased \$3 million (2.4%) year on year. Despite having the increased uncertainty around the semiconductor industry from the impact of COVID-19, the number of licenses signed in the first quarter remained solid at 42. Although some customers delayed signing new licenses, Arm expects that if economic conditions improve, most of these customers will resume licensing Arm technology.

### **Technology royalty**

Technology royalty revenue increased \$42 million (17.5%) year on year. Shipments of 5G smartphones and networking equipment by the licensees increased, which contributed to increasing technology royalty revenue.

### **Software and services**

Software and services revenues were flat year on year.

### Segment income

Segment loss was ¥13,340 million, deteriorating by ¥2,167 million year on year. This was due to an increase in personnel expenses as a result of the ongoing hiring of employees, mainly technology-related personnel, to enhance the R&D capabilities. The number of Arm employees increased 744 (12.3%) from the end of the same period of the previous fiscal year, to 6,808 at the first quarter-end.

## OPERATIONS

### Royalty units<sup>7</sup>

	Jan to Mar	Apr to Jun	Jul to Sep	2019 Oct to Dec	2020 Jan to Mar
<b>Royalty units as reported by Arm's licensees</b>	4.8 billion	5.6 billion	6.4 billion	6.0 billion	<b>5.5 billion</b>
Growth rate (yoy)	(9.4%)	0.2%	3.2%	11.1%	<b>14.6%</b>

Arm's licensees reported shipments of 5.5 billion Arm-based chips for the three-month period ended March 31, 2020. Arm's unit shipments increased 14.6% year on year, while shipments by the Arm relevant part of the semiconductor industry increased 4.3%<sup>8</sup> during the same period. However, as mentioned in "Industry trends and their impact" above, it is likely that fewer chips will be sold this fiscal year than otherwise would be due to the outbreak of COVID-19 and other impacts. Despite fewer chips being sold, as the use of Arm technology increases, Arm still expects to continue to maintain or gain share in its target end markets.

## TECHNOLOGY DEVELOPMENT

Arm considers the following as its primary areas for increased investment and is evolving the technology in both its mobile business and other businesses with strong growth potential.

### Arm's primary investment areas and main developments

#### Mobile computing

- Opportunity : Arm already has over 95% share of the main chips in mobile devices and, over time, has been successfully increasing royalties per chip.
- The first quarter : Arm announced the introduction of a new technology family for premium smartphones, including a processor, a machine learning accelerator, and a graphics processor.

#### Infrastructure

- Opportunity : Arm has a growing share in networking infrastructure and a nascent share in data center servers.
- The first quarter :   
 · Supercomputer *Fugaku* with Arm technology for servers, jointly developed by RIKEN and Fujitsu Limited, ranked number one in the TOP500, a global ranking based on calculation speed of supercomputers.   
 · Amazon Web Services Inc. launched two new Arm-based Graviton2 services optimized for compute-intensive and memory-intensive applications.

#### Automotive

- Opportunity : As vehicles become smarter, they require more computational capability. Arm is well positioned to gain share by providing energy efficiency and Arm processor technology has already been licensed by most companies that develop automotive chips.
- The first quarter : Arm announced the development of new software that enables its graphics processors to be shared by different applications within a vehicle such as infotainment and the dashboard. AUDI AG and Samsung Electronics Co., Ltd. are among customers implementing Arm's graphics IP in vehicles to be launched in 2022.

<sup>7</sup> This analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the three-month period ended March 31, 2020, as reported by licensees in royalty reports. Arm's licensees report their actual shipments of royalty units one quarter in arrears, and therefore, the current quarter's royalty unit analysis is based on chips shipped in the prior quarter. In contrast, technology royalty revenues are accrued in the same quarter the chips are shipped, based on estimates.

<sup>8</sup> Worldwide Semiconductor Trade Statistics (WSTS) as of July 2020. Excludes memory and analog chips, which do not contain processor technology. This data is compiled on the basis of data submitted by semiconductor companies participating in the survey.

**IoT**

Opportunity : For IoT to reach its full potential, it must be secure against hacking and robust against faults. Arm has developed technology to secure and manage the data in IoT device networks.

For more information about Arm, its business, and its technology, please refer to its website at <https://www.arm.com>

**(e) Brightstar Segment**

(Millions of yen)				
	Three months ended June 30		Change	Change %
	2019	2020		
Net sales	233,370	<b>172,763</b>	(60,607)	(26.0%)
Segment income (income before income tax)	(2,863)	<b>(1,063)</b>	1,800	-

**(f) Other**

(Millions of yen)				
	Three months ended June 30		Change	Change %
	2019	2020		
Net sales	42,898	<b>63,354</b>	20,456	47.7%
Segment income (income before income tax)	(23,110)	<b>(8,689)</b>	14,421	-
Depreciation and amortization	(9,751)	<b>(12,807)</b>	(3,056)	31.3%
Gain (loss) on investments	(3,203)	<b>31,734</b>	34,937	-
Finance cost	(3,356)	<b>(3,870)</b>	(514)	15.3%
Income on equity method investments	1,319	<b>2,809</b>	1,490	113.0%

Segment loss of ¥8,689 million was recorded for the Other segment, mainly due to PayPay Corporation, engaged in smartphone payment services in Japan, recording loss before income tax of ¥15,811 million. The loss was mainly attributed to the company's continued marketing promotions aimed at gaining users and driving service usage, and proactive measures to increase the number of stores where its services can be used.

The investment fund business in Latin America recorded income before income tax of ¥22,373 million due to a partial recovery in the fair values of investments from the previous fiscal year-end. As of the first quarter-end, the cumulative investment amount by the investment fund business in Latin America totaled \$1,659 million, with a fair value of \$1,426 million.

**Results of PayPay Corporation included in the Other segment**

(Millions of yen)				
	Three months ended June 30		Change	Change %
	2019	2020		
Net sales	540	<b>5,667</b>	5,127	949.4%
Loss before income taxes	(16,206)	<b>(15,811)</b>	395	-

## (2) Overview of Financial Position

### 1. Completion of the merger of Sprint and T-Mobile US, Inc.\*<sup>1</sup>

Following the loss of control of Sprint, assets, liabilities, and equity related to a disposal group classified as held for sale as of the previous fiscal year-end were removed.

### 2. Sale and monetization of assets in the first quarter

As a result of transactions (1) to (3) below, the Company received total proceeds of ¥3,622.3 billion.  
 (Other main impacts)

#### (1) Partial sale of T-Mobile shares\*<sup>1</sup>

Recorded T-Mobile shares continued to be held after the sale totaling ¥1,470.4 billion (as of the first quarter-end) as investment securities.

#### (2) Entry into several prepaid forward contracts using Alibaba shares

Recorded financial liabilities relating to sale of shares by prepaid forward contracts of ¥1,738.1 billion (as of the first quarter-end).

#### (3) Partial sale of SoftBank Corp. shares

Changes in interests in subsidiaries of ¥194,721 million (increase in capital surplus)

### 3. Carrying amount of investments from SoftBank Vision Fund of ¥6.8 trillion, increased ¥136.0 billion from the previous fiscal year-end\*<sup>2</sup>

Fair values of investments centered on listed portfolio companies recovered due to a rebound in public equity markets.

Notes:

- For details on the completion of the merger of Sprint and T-Mobile US, Inc. and partial sale of T-Mobile shares, see “(1) Completion of the merger of Sprint and T-Mobile US, Inc., partial sale of T-Mobile shares, etc.” on page 5 under “PROGRAM TO SELL OR MONETIZE ¥4.5 TRILLION OF ASSETS (¥4.5 TRILLION PROGRAM)” in “(1) Overview of Results of Operations”.
- Investment in Arm is not included in investments from SoftBank Vision Fund as Arm is a subsidiary of the Company.

	March 31, 2020	June 30, 2020	Change	Change %
Total assets	37,257,292	33,563,348	(3,693,944)	(9.9%)
Total liabilities	29,884,375	25,986,568	(3,897,807)	(13.0%)
Total equity	7,372,917	7,576,780	203,863	2.8%

**(a) Assets**

	(Millions of yen)		
	March 31, 2020	June 30, 2020	Change
Cash and cash equivalents	3,369,015	<b>6,181,315</b>	2,812,300 <b>A</b>
Trade and other receivables	2,072,326	<b>2,257,461</b>	185,135 <b>B</b>
Other financial assets	313,487	<b>262,857</b>	(50,630)
Inventories	185,097	<b>183,805</b>	(1,292)
Other current assets	460,970	<b>485,611</b>	24,641
Assets classified as held for sale	9,236,048	-	(9,236,048) <b>C</b>
<b>Total current assets</b>	<b>15,636,943</b>	<b>9,371,049</b>	<b>(6,265,894)</b>
Property, plant and equipment	1,264,516	<b>1,324,370</b>	59,854
Right-of-use assets	1,293,692	<b>1,199,484</b>	(94,208) <b>D</b>
Goodwill	3,998,167	<b>4,013,284</b>	15,117
Intangible assets	1,985,972	<b>1,951,311</b>	(34,661)
Costs to obtain contracts	212,036	<b>215,914</b>	3,878
Investments accounted for using the equity method	3,240,361	<b>3,245,974</b>	5,613
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	6,892,232	<b>7,039,042</b>	146,810 <b>E</b>
(Incl.) SoftBank Vision Fund	6,681,671	<b>6,817,661</b>	135,990
Investment securities	1,211,511	<b>3,175,696</b>	1,964,185 <b>F</b>
Derivative financial assets	59,278	<b>554,430</b>	495,152 <b>G</b>
Other financial assets	1,100,694	<b>1,114,517</b>	13,823
Deferred tax assets	221,371	<b>197,103</b>	(24,268)
Other non-current assets	140,519	<b>161,174</b>	20,655
<b>Total non-current assets</b>	<b>21,620,349</b>	<b>24,192,299</b>	<b>2,571,950</b>
<b>Total assets</b>	<b>37,257,292</b>	<b>33,563,348</b>	<b>(3,693,944)</b>

**Reasons for changes by primary component**

Components	Main reasons for changes from the previous fiscal year-end
<b>Current assets</b>	
<b>A</b> Cash and cash equivalents	Cash and cash equivalents increased mainly due to the sale and monetization of assets based on the ¥4.5 trillion program. For details, see “(3) Overview of Cash Flows.”
<b>B</b> Trade and other receivables	Accounts receivable of ¥242,653 million were recorded related to sale of investments in highly liquid listed shares using funds procured under the ¥4.5 trillion program and other surplus funds.
<b>C</b> Assets classified as held for sale	Sprint’s assets were removed as Sprint ceased to be a subsidiary of the Company following the completion of the merger of Sprint and T-Mobile US, Inc.

Components	Main reasons for changes from the previous fiscal year-end
<u>Non-current assets</u>	
<b>D</b> Right-of-use assets	SoftBank Corp. conducted regular amortization of right-of-use assets.
<b>E</b> Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	Fair value of investments held by SoftBank Vision Fund at the first quarter-end increased by \$2.4 billion (net) due to recovery in the fair values of investments centered on listed portfolio companies, following the rebound in the public equity markets. The fund also made follow-on investments in existing portfolio companies and their joint ventures. On the other hand, the fund sold a portion of its shares in four portfolio companies and all shares of a portfolio company. For details, see “(b) SoftBank Vision Fund and Other SBIA-Managed Funds Segment” under “b. Results by Segment” in “(1) Overview of Results of Operations.”
<b>F</b> Investment securities	<ul style="list-style-type: none"> <li>· T-Mobile shares continued to be held after the sale of a portion of its shares totaling ¥1,470,434 million were recorded. For details, see “(1) Completion of the merger of Sprint and T-Mobile US, Inc., partial sale of T-Mobile shares, etc.” on page 5 under “PROGRAM TO SELL OR MONETIZE ¥4.5 TRILLION OF ASSETS (¥4.5 TRILLION PROGRAM)” in “(1) Overview of Results of Operations.”</li> <li>· Investment securities increased by ¥365,203 million due to investments in highly liquid listed shares using funds procured under the ¥4.5 trillion program and other surplus funds.</li> </ul>
<b>G</b> Derivative financial assets	<ul style="list-style-type: none"> <li>· Derivative financial assets of ¥325,962 million were recorded related to the Company’s right to acquire T-Mobile shares for no additional consideration if certain conditions are met, which was received as consideration for the merger of Sprint and T-Mobile US, Inc.</li> <li>· Derivative financial assets of ¥113,966 million were recorded related to pre-paid forward contracts using Alibaba shares.</li> </ul>

**(b) Liabilities**

	(Millions of yen)		
	March 31, 2020	June 30, 2020	Change
Interest-bearing debt	3,845,153	<b>3,525,262</b>	(319,891)
Lease liabilities	378,383	<b>357,220</b>	(21,163)
Deposits for banking business	873,087	<b>982,225</b>	109,138
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	24,691	<b>58,080</b>	33,389
Trade and other payables	1,585,326	<b>1,604,379</b>	19,053
Derivative financial liabilities	9,267	<b>157,628</b>	148,361 <b>A</b>
Other financial liabilities	248,010	<b>203,094</b>	(44,916)
Income taxes payables	164,298	<b>217,330</b>	53,032
Provisions	11,448	<b>28,606</b>	17,158
Other current liabilities	596,499	<b>491,255</b>	(105,244) <b>B</b>
Liabilities directly relating to assets classified as held for sale	6,454,971	-	(6,454,971) <b>C</b>
<b>Total current liabilities</b>	<b>14,191,133</b>	<b>7,625,079</b>	<b>(6,566,054)</b>
Interest-bearing debt	9,286,729	<b>11,281,105</b>	1,994,376
Lease liabilities	761,943	<b>705,522</b>	(56,421)
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	4,559,728	<b>5,175,360</b>	615,632
Derivative financial liabilities	128,075	<b>124,734</b>	(3,341)
Other financial liabilities	77,207	<b>116,898</b>	39,691
Provisions	88,791	<b>85,408</b>	(3,383)
Deferred tax liabilities	711,216	<b>798,001</b>	86,785
Other non-current liabilities	79,553	<b>74,461</b>	(5,092)
<b>Total non-current liabilities</b>	<b>15,693,242</b>	<b>18,361,489</b>	<b>2,668,247</b>
<b>Total liabilities</b>	<b>29,884,375</b>	<b>25,986,568</b>	<b>(3,897,807)</b>

**Reasons for changes by primary component**

Components	Main reasons for changes from the previous fiscal year-end
<u>Current liabilities</u>	
<b>A</b> Derivative financial liabilities	Derivative financial liabilities of ¥147,497 million were recorded for the call options received by Deutsche Telekom for T-Mobile shares held by the Company.
<b>B</b> Other current liabilities	Withholding income tax of ¥102,100 million was paid related to dividends from Yahoo Japan Corporation to Z Holdings Corporation that arose in the previous fiscal year.
<b>C</b> Liabilities directly relating to assets classified as held for sale	Sprint's liabilities were removed as Sprint ceased to be a subsidiary of the Company following the completion of the merger of Sprint and T-Mobile US, Inc.



**(Reference) Interest-bearing debt and lease liabilities (total of current liabilities and non-current liabilities)**

	(Millions of yen)		
	March 31, 2020	June 30, 2020	Change
<b>SoftBank Group Corp. and wholly owned subsidiaries conducting fund procurement*<sup>1</sup></b>			
	8,247,063	<b>9,764,920</b>	1,517,857
<b>SoftBank Group Corp.</b>	6,528,734	<b>6,318,830</b>	(209,904)
Borrowings	1,388,240	<b>1,334,806</b>	(53,434)
Corporate bonds	5,034,494	<b>4,939,024</b>	(95,470)
Commercial paper	106,000	<b>45,000</b>	(61,000)
<b>Wholly owned subsidiaries conducting fund procurement*<sup>1</sup></b>			
	1,718,329	<b>3,446,090</b>	1,727,761
Borrowings	1,522,228	<b>1,513,025</b>	(9,203)
Financial liabilities relating to sale of shares by prepaid forward contracts	196,101	<b>1,933,065</b>	1,736,964
<b>SoftBank Vision Fund and Other SBIA-Managed Funds segment</b>			
<b>SoftBank Vision Fund</b>	581,543	<b>159,072</b>	(422,471)
Borrowings	581,543	<b>159,072</b>	(422,471)
<b>SBIA</b>	535	<b>425</b>	(110)
Lease liabilities	535	<b>425</b>	(110)
<b>SoftBank segment</b>			
<b>SoftBank Corp.</b>	3,828,904	<b>4,226,386</b>	397,482
Borrowings	2,856,027	<b>3,292,854</b>	436,827
Corporate bonds	40,000	<b>40,000</b>	-
Lease liabilities	832,877	<b>764,432</b>	(68,445)
Commercial paper	100,000	<b>129,100</b>	29,100
<b>Z Holdings Corporation*<sup>2</sup></b>	839,042	<b>949,324</b>	110,282
Borrowings	463,598	<b>376,739</b>	(86,859)
Corporate bonds	354,327	<b>553,747</b>	199,420
Lease liabilities	21,117	<b>18,838</b>	(2,279)
Other subsidiaries	413,127	<b>397,785</b>	(15,342)
<b>Others</b>			
Other interest-bearing debt	259,801	<b>265,939</b>	6,138
Lease liabilities	102,193	<b>105,258</b>	3,065
<b>Total</b>	14,272,208	<b>15,869,109</b>	1,596,901

## Notes:

1. Indicates the interest-bearing debts of Skywalk Finance GK, which made borrowings using Alibaba shares; West Raptor Holdings, LLC, West Raptor Holdings 2, LLC, Skybridge LLC, and Skylark 2020 Holdings Limited, which entered into prepaid forward contracts using Alibaba shares; and Moonlight Finance GK, which made borrowings using SoftBank Corp. shares. These interest-bearing debts are non-recourse to SBG.
2. Includes the interest-bearing debt and lease liabilities of Yahoo Japan Corporation.

**Reasons for changes from previous fiscal year-end at core companies****SBG and wholly owned subsidiaries conducting fund procurement****SBG**

- SBG redeemed domestic straight corporate bonds of ¥100 billion.
- SBG repaid commercial paper in the amount of ¥61.0 billion (net).

**(Wholly owned subsidiaries conducting fund procurement)****West Raptor Holdings 2, LLC, Skybridge LLC, and Skylark 2020 Holdings Limited**

Wholly owned subsidiaries conducting fund procurement entered into several prepaid forward contracts using Alibaba shares with financial institutions from April to June 2020. As a result, financial liabilities relating to sale of shares by prepaid forward contracts of ¥1,738,128 million were recorded at the first quarter-end.

**SoftBank Vision Fund and Other SBIA-Managed Funds segment**

- SoftBank Vision Fund repaid \$3.08 billion of borrowings from a line of credit set up mainly to increase capital efficiency to fund investments (the “Fund Level Facility”). No borrowings were outstanding as of the first quarter-end.
- SoftBank Vision Fund repaid \$0.79 billion of borrowings made for the purpose of monetizing a portion of its investments (the “Portfolio Financing Facility”).

**SoftBank segment****SoftBank Corp.**

Borrowings increased mainly due to the securitization of receivables related to telecommunications and the sale and leaseback of telecommunications equipment.

**Z Holdings Corporation**

Domestic straight corporate bonds totaling ¥200 billion were issued.

**(c) Equity**

	(Millions of yen)		
	March 31, 2020	June 30, 2020	Change
Common stock	238,772	<b>238,772</b>	-
Capital surplus	1,490,325	<b>1,666,102</b>	175,777 <b>A</b>
Other equity instruments	496,876	<b>496,876</b>	-
Retained earnings	3,945,820	<b>5,155,983</b>	1,210,163 <b>B</b>
Treasury stock	(101,616)	<b>(686,497)</b>	(584,881) <b>C</b>
Accumulated other comprehensive income	(362,259)	<b>(338,799)</b>	23,460
Accumulated other comprehensive income directly relating to assets classified as held for sale	205,695	-	(205,695) <b>D</b>
Total equity attributable to owners of the parent	5,913,613	<b>6,532,437</b>	618,824
Non-controlling interests	1,459,304	<b>1,044,343</b>	(414,961) <b>E</b>
Total equity	7,372,917	<b>7,576,780</b>	203,863

**Reasons for changes by primary component**

Components	Main reasons for changes from the previous fiscal year-end
<b>A</b> Capital surplus	Changes in interests in subsidiaries of ¥194,721 million were recorded in conjunction with the sale of a portion of SoftBank Corp. shares.
<b>B</b> Retained earnings	Net income attributable to owners of the parent of ¥1,255,712 million was recorded.
<b>C</b> Treasury stock	<ul style="list-style-type: none"> <li>· The Company repurchased 102,960,000 of its own shares for ¥484.0 billion in the first quarter (4,720,000 shares for ¥16.0 billion in the previous fiscal year). This is in accordance with a resolution of the Board of Directors on March 13, 2020 to repurchase the Company's own shares, with a maximum total repurchase amount of ¥500 billion.</li> <li>· The Company repurchased 18,717,000 of its own shares for ¥101.7 billion in the first quarter. This is in accordance with a resolution of the Board of Directors on May 15, 2020 to repurchase the Company's own shares, with a maximum total repurchase amount of ¥500 billion.</li> </ul>
<b>D</b> Accumulated other comprehensive income directly relating to assets classified as held for sale	Sprint's accumulated other comprehensive income was removed as Sprint ceased to be a subsidiary of the Company following the completion of the merger of Sprint and T-Mobile US, Inc.
<b>E</b> Non-controlling interests	Sprint's non-controlling interests of ¥424,746 million (as of the previous fiscal year-end) were removed as Sprint ceased to be a subsidiary of the Company following the completion of the merger of Sprint and T-Mobile US, Inc.

### (3) Overview of Cash Flows

#### Progress made on sale and monetization of assets and share repurchases based on the ¥4.5 trillion program

- ◆ Received total proceeds of ¥3,622.3 billion in the first quarter through the partial sale of T-Mobile shares, prepaid forward contracts using Alibaba shares, and partial sale of SoftBank Corp. shares.
- ◆ Repurchased ¥101.7 billion of own shares (combined with share repurchase resolved before the ¥4.5 trillion program, repurchased total of ¥585.7 billion of own shares in the first quarter).

	(Millions of yen)		
	Three months ended June 30		Change
	2019	2020	
Cash flows from operating activities	(547,191)	<b>154,024</b>	701,215
Cash flows from investing activities	(1,367,991)	<b>1,241,103</b>	2,609,094
Cash flows from financing activities	1,026,301	<b>1,415,375</b>	389,074

Note: Cash flows from discontinued operations are included. For details on cash flows from discontinued operations, see “3. Discontinued operations” under in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

#### (a) Cash Flows from Operating Activities

Income taxes paid in the first quarter included payment of withholding income tax of ¥102,100 million related to dividends from Yahoo Japan Corporation to Z Holdings Corporation that arose in the previous fiscal year. This withholding income tax was refunded in July 2020. Income taxes paid in the same period of the previous fiscal year included income taxes on items such as a gain on sale of SoftBank Corp. shares at SBGJ and withholding income tax on dividends from SBGJ to SBG. The latter withholding income tax was refunded in July 2019.

#### (b) Cash Flows from Investing Activities

##### Primary components

Components	Primary details
Payments for acquisition of investments ¥(1,100,223) million	SBG acquired highly liquid listed shares of ¥1,006.0 billion using funds procured as part of the ¥4.5 trillion program and other surplus funds.
Proceeds from sales/redemption of investments ¥2,452,522 million	<ul style="list-style-type: none"> <li>· SBG received proceeds of ¥564.9 billion from the sale of a portion of the abovementioned listed shares.</li> <li>· SBG received proceeds of ¥1,830.4 billion from the sale of a portion of its T-Mobile shares held through a subsidiary.</li> </ul>
Payments for acquisitions of investments by SoftBank Vision Fund and other SBIA-managed funds ¥(120,091) million	SoftBank Vision Fund made follow-on investments in existing portfolio companies and their joint ventures.
Proceeds from sale of investments by SoftBank Vision Fund and other SBIA-managed funds ¥197,591 million	SoftBank Vision Fund sold a portion of its shares in four listed portfolio companies and all shares of an unlisted portfolio company.
Outlays for purchase of property, plant and equipment, and intangible assets ¥(149,661) million	SoftBank Corp. purchased telecommunications equipment including equipment for 5G.

**(c) Cash Flows from Financing Activities**
**Primary components**

Components	Primary details
Proceeds in short-term interest-bearing debt, net ¥268,170 million	SoftBank Corp. borrowed ¥298.0 billion (net) through the securitization of receivables related to telecommunications.
Proceeds from interest-bearing debt ¥2,143,570 million	
Proceeds from borrowings ¥461,854 million <sup>*1</sup>	<ul style="list-style-type: none"> <li>· Z Holdings Corporation made short-term borrowings of ¥109.5 billion.</li> <li>· SoftBank Corp. borrowed ¥108.3 billion through the sale of installment sales receivables and ¥84.9 billion through the sale and leaseback of telecommunications equipment.</li> </ul>
Proceeds from issuance of bonds ¥200,000 million	Z Holdings Corporation issued domestic straight corporate bonds totaling ¥200 billion.
Proceeds from procurement by prepaid forwards contract using shares ¥1,481,716 million	Wholly owned subsidiaries of the Company conducting fund procurement entered into several prepaid forward contracts using Alibaba shares with financial institutions and procured an aggregate amount of ¥1,481.7 billion (\$13.7 billion).
Repayment of interest-bearing debt ¥(1,017,864) million	
Repayment of borrowings ¥(917,864) million <sup>*1</sup>	<ul style="list-style-type: none"> <li>· SoftBank Vision Fund repaid \$3.08 billion of borrowings under the Fund Level Facility and \$0.79 billion of borrowings under the Portfolio Financing Facility.</li> <li>· Z Holdings Corporation and SoftBank Corp. repaid borrowings of ¥210.0 billion and ¥148.0 billion, respectively.</li> </ul>
Redemption of corporate bonds ¥(100,000) million	SBG redeemed domestic straight corporate bonds of ¥100 billion at maturity.
Contributions to SoftBank Vision Fund and other SBIA-managed funds from third-party investors ¥764,660 million	SoftBank Vision Fund received cash contributions from third-party investors based on capital calls.
Distribution/repayment from SoftBank Vision Fund and other SBIA-managed funds to third-party investors ¥(217,367) million	SoftBank Vision Fund made distributions and repayments of investments to third-party investors.
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests ¥310,200 million	SBG sold a portion of SoftBank Corp. shares it owns through a subsidiary for ¥310.2 billion.
Purchase of treasury stock ¥(585,699) million	SBG repurchased its own shares for ¥484.0 billion in accordance with a resolution of the Board of Directors on March 13, 2020 and ¥101.7 billion in accordance with a resolution of the Board of Directors on May 15, 2020.

**Note:**

1. Proceeds from borrowings and repayment of borrowings include proceeds of ¥220,746 million and outlays of ¥718,365 million, respectively, related to borrowings with a contracted term of one year or less.

**(4) Forecasts**

The Company does not provide forecasts of consolidated results of operations as they are difficult to project due to numerous uncertainties affecting earnings.

## 2. Notes to Summary Information

### (1) Significant Changes in Scope of Consolidation for the Three-month Period Ended June 30, 2020

(Specified subsidiary (three entities) excluded from the scope of consolidation)

On April 1, 2020 (EST), the merger of Sprint Corporation (“Sprint”) and T-Mobile US, Inc. in an all-stock transaction (“the Transaction”) was completed. Upon completion of the Transaction, Starburst I, Inc. and Sprint which were specified subsidiaries of the Company, and Sprint Communications, Inc. which was a subsidiary of Sprint, were no longer subsidiaries of the Company. The details are described in “Note 3. Discontinued operations” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

### (2) Changes in Accounting Estimates

(Changes in estimate for use of loss carryforwards)

On May 22, 2020, SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, transferred a portion of SoftBank Corp. shares (ownership percentage: 5.0%)

As a result of the transaction, it was probable that taxable income would be available for a loss carry forward whose deferred tax asset was not recognized in SoftBank Group Japan Corporation. Accordingly, a credit of income taxes (profit) was recorded due to the change in estimate. The details are described in “Note 7. Income taxes” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

(Allowance for loan commitment losses)

As of June 30, 2020, expected credit losses for a loan commitment for WeWork, an equity method associate of the Company, were estimated. As a result, reversal of allowance was recorded for the three-month period ended June 30, 2020. The details are described “Note” in “Note 15. Other gain (loss)” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

### 3. Condensed Interim Consolidated Financial Statements and Primary Notes

(Definitions of company names and abbreviations used in the condensed interim consolidated financial statements and primary notes)

Company names and abbreviations used in the condensed interim consolidated financial statements and primary notes, unless otherwise stated or interpreted differently in the context, are as follows:

Company names / Abbreviations	Definition
SoftBank Group Corp.	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
*Each of the following names or abbreviations indicates the respective company and its subsidiaries, if any.	
SoftBank Vision Fund	SoftBank Vision Fund L.P. and its alternative investment vehicles
SBIA	SB Investment Advisers (UK) Limited
Sprint	Sprint Corporation
T-Mobile	T-Mobile US, Inc. after merging with Sprint
Arm	Arm Limited
Brightstar	Brightstar Global Group Inc.
Fortress	Fortress Investment Group LLC
Alibaba	Alibaba Group Holding Limited
WeWork	The We Company



**(1) Condensed Interim Consolidated Statement of Financial Position**

	As of March 31, 2020	(Millions of yen) As of June 30, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,369,015	6,181,315
Trade and other receivables	2,072,326	2,257,461
Other financial assets	313,487	262,857
Inventories	185,097	183,805
Other current assets	460,970	485,611
Subtotal	6,400,895	9,371,049
Assets classified as held for sale	9,236,048	-
Total current assets	15,636,943	9,371,049
<b>Non-current assets</b>		
Property, plant and equipment	1,264,516	1,324,370
Right-of-use assets	1,293,692	1,199,484
Goodwill	3,998,167	4,013,284
Intangible assets	1,985,972	1,951,311
Costs to obtain contracts	212,036	215,914
Investments accounted for using the equity method	3,240,361	3,245,974
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	6,892,232	7,039,042
Investment securities	1,211,511	3,175,696
Derivative financial assets	59,278	554,430
Other financial assets	1,100,694	1,114,517
Deferred tax assets	221,371	197,103
Other non-current assets	140,519	161,174
Total non-current assets	21,620,349	24,192,299
<b>Total assets</b>	37,257,292	33,563,348

	As of March 31, 2020	(Millions of yen) As of June 30, 2020
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Interest-bearing debt	3,845,153	3,525,262
Lease liabilities	378,383	357,220
Deposits for banking business	873,087	982,225
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	24,691	58,080
Trade and other payables	1,585,326	1,604,379
Derivative financial liabilities	9,267	157,628
Other financial liabilities	248,010	203,094
Income taxes payables	164,298	217,330
Provisions	11,448	28,606
Other current liabilities	596,499	491,255
Subtotal	<u>7,736,162</u>	<u>7,625,079</u>
Liabilities directly relating to assets classified as held for sale	6,454,971	-
Total current liabilities	<u>14,191,133</u>	<u>7,625,079</u>
<b>Non-current liabilities</b>		
Interest-bearing debt	9,286,729	11,281,105
Lease liabilities	761,943	705,522
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	4,559,728	5,175,360
Derivative financial liabilities	128,075	124,734
Other financial liabilities	77,207	116,898
Provisions	88,791	85,408
Deferred tax liabilities	711,216	798,001
Other non-current liabilities	79,553	74,461
Total non-current liabilities	<u>15,693,242</u>	<u>18,361,489</u>
<b>Total liabilities</b>	<u>29,884,375</u>	<u>25,986,568</u>
<b>Equity</b>		
<b>Equity attributable to owners of the parent</b>		
Common stock	238,772	238,772
Capital surplus	1,490,325	1,666,102
Other equity instruments	496,876	496,876
Retained earnings	3,945,820	5,155,983
Treasury stock	(101,616)	(686,497)
Accumulated other comprehensive income	(362,259)	(338,799)
Subtotal	<u>5,707,918</u>	<u>6,532,437</u>
Accumulated other comprehensive income directly relating to assets classified as held for sale	205,695	-
Total equity attributable to owners of the parent	<u>5,913,613</u>	<u>6,532,437</u>
<b>Non-controlling interests</b>	<u>1,459,304</u>	<u>1,044,343</u>
<b>Total equity</b>	<u>7,372,917</u>	<u>7,576,780</u>
<b>Total liabilities and equity</b>	<u>37,257,292</u>	<u>33,563,348</u>

**(2) Condensed Interim Consolidated Statement of Income and Condensed Interim Consolidated Statement of Comprehensive Income**
Condensed Interim Consolidated Statement of Income

	Three-month period ended June 30, 2019	(Millions of yen) Three-month period ended June 30, 2020
<b>Continuing operations<sup>1</sup></b>		
<b>Net sales</b>	1,480,292	1,450,055
Cost of sales	(812,731)	(742,235)
<b>Gross profit</b>	667,561	707,820
<b>Gain on investments</b>		
Gain on investments at Investment Business of Holding Companies	1,226,250	650,493
Gain on investments at SoftBank Vision Fund and other SBIA-managed funds	414,419	296,577
Gain on other investments	6,364	35,882
<b>Total gain on investments</b>	1,647,033	982,952
Selling, general and administrative expenses	(457,370)	(513,875)
Finance cost	(71,822)	(78,132)
Income on equity method investments	91,573	6,416
Derivative gain (loss) (excluding gain (loss) on investments)	2,575	(176,257)
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	(184,488)	(147,643)
Other gain (loss)	(54)	51,766
<b>Income before income tax</b>	1,695,008	833,047
Income taxes	(506,813)	(253,055)
<b>Net income from continuing operations</b>	1,188,195	579,992
<b>Discontinued operations<sup>1</sup></b>		
<b>Net income from discontinued operations</b>	(10,716)	736,429
<b>Net income</b>	1,177,479	1,316,421
<b>Net income attributable to</b>		
Owners of the parent	1,121,719	1,255,712
Net income from continuing operations	1,130,457	519,283
Net income from discontinued operations	(8,738)	736,429
Non-controlling interests	55,760	60,709
Net income from continuing operations	57,738	60,709
Net income from discontinued operations	(1,978)	-
	1,177,479	1,316,421
<b>Earnings per share<sup>3</sup></b>		
Basic earnings per share (Yen)		
Continuing operations	539.09	252.51
Discontinued operations	(4.20)	363.44
<b>Total basic earnings per share</b>	534.89	615.95
Diluted earnings per share (Yen)		
Continuing operations	536.27	227.02
Discontinued operations	(4.18)	362.94
<b>Total diluted earnings per share</b>	532.09	589.96

## Notes:

1. Continuing operations and discontinued operations are presented separately for the fiscal year ended March 31, 2020. In order to reflect the change, the presentation has been reclassified similarly for the three-month period ended June 30, 2019. The details are described in “Note 3. Discontinued operations.”
2. Presentation method for the condensed interim consolidated statement of income has been changed for the three-month period ended June 30, 2020. The details are described in “Note 1. Changes in presentation.”
3. The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. “Basic earnings per share” and “Diluted earnings per share” are calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2020.

Condensed Interim Consolidated Statement of Comprehensive Income

	Three-month period ended June 30, 2019	(Millions of yen) Three-month period ended June 30, 2020
<b>Net income</b>	1,177,479	1,316,421
<b>Other comprehensive income, net of tax</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Equity financial assets at FVTOCI	(10)	1,947
Total items that will not be reclassified to profit or loss	(10)	1,947
<b>Items that may be reclassified subsequently to profit or loss</b>		
Debt financial assets at FVTOCI	566	577
Cash flow hedges	22,981	28,625
Exchange differences on translating foreign operations	(445,524)	(219,091)
Share of other comprehensive income of associates	(8,320)	7,528
Total items that may be reclassified subsequently to profit or loss	(430,297)	(182,361)
<b>Total other comprehensive income, net of tax</b>	(430,307)	(180,414)
<b>Total comprehensive income</b>	747,172	1,136,007
<b>Total comprehensive income*</b>		
Comprehensive income from continuing operations	843,422	605,272
Comprehensive income from discontinued operations	(96,250)	530,735
<b>Total comprehensive income attributable to*</b>		
Owners of the parent	706,799	1,073,486
Comprehensive income from continuing operations	786,550	542,751
Comprehensive income from discontinued operations	(79,751)	530,735
Non-controlling interests	40,373	62,521
	747,172	1,136,007

## Note:

\* The details of discontinued operations are described in “Note 3. Discontinued operations.”

**(3) Condensed Interim Consolidated Statement of Changes in Equity**

For the three-month period ended June 30, 2019

(Millions of yen)

	Equity attributable to owners of the parent						Total
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	
<b>As of April 1, 2019</b>	238,772	1,467,762	496,876	5,571,285	(443,482)	290,268	7,621,481
<b>Effect of retrospective adjustments due to adoption of new standards*</b>	-	-	-	13,997	-	-	13,997
<b>As of April 1, 2019 (after adjustments)</b>	238,772	1,467,762	496,876	5,585,282	(443,482)	290,268	7,635,478
<b>Comprehensive income</b>							
Net income	-	-	-	1,121,719	-	-	1,121,719
Other comprehensive income	-	-	-	-	-	(414,920)	(414,920)
<b>Total comprehensive income</b>	-	-	-	1,121,719	-	(414,920)	706,799
<b>Transactions with owners and other transactions</b>							
Cash dividends	-	-	-	(23,184)	-	-	(23,184)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	1,994	-	(1,994)	-
Purchase and disposal of treasury stock	-	(739)	-	(582)	(210,450)	-	(211,771)
Retirement of treasury stock	-	-	-	(558,136)	558,136	-	-
Changes in interests in subsidiaries	-	78,407	-	-	-	-	78,407
Changes in associates' interests in their subsidiaries	-	(1,003)	-	-	-	-	(1,003)
Changes in interests in associates' capital surplus	-	1,259	-	-	-	-	1,259
Share-based payment transactions	-	1,578	-	-	-	-	1,578
Other	-	-	-	-	-	-	-
<b>Total transactions with owners and other transactions</b>	-	79,502	-	(579,908)	347,686	(1,994)	(154,714)
<b>As of June 30, 2019</b>	238,772	1,547,264	496,876	6,127,093	(95,796)	(126,646)	8,187,563

(Millions of yen)

	Non- controlling interests	Total equity
<b>As of April 1, 2019</b>	1,387,723	9,009,204
<b>Effect of retrospective adjustments due to adoption of new standards*</b>	(1,357)	12,640
<b>As of April 1, 2019 (after adjustments)</b>	1,386,366	9,021,844
<b>Comprehensive income</b>		
Net income	55,760	1,177,479
Other comprehensive income	(15,387)	(430,307)
<b>Total comprehensive income</b>	40,373	747,172
<b>Transactions with owners and other transactions</b>		
Cash dividends	(84,146)	(107,330)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	(211,771)
Retirement of treasury stock	-	-
Changes in interests in subsidiaries	(82,754)	(4,347)
Changes in associates' interests in their subsidiaries	-	(1,003)
Changes in interests in associates' capital surplus	-	1,259
Share-based payment transactions	(2,809)	(1,231)
Other	739	739
<b>Total transactions with owners and other transactions</b>	(168,970)	(323,684)
<b>As of June 30, 2019</b>	<u>1,257,769</u>	<u>9,445,332</u>

Note:

\* As a result of the adoption of IFRS 16 "Leases," cumulative effects of retrospective adjustments are recognized as adjustments to the opening balance of retained earnings.

For the three-month period ended June 30, 2020

	(Millions of yen)						
	Equity attributable to owners of the parent						
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Subtotal
<b>As of April 1, 2020</b>	238,772	1,490,325	496,876	3,945,820	(101,616)	(362,259)	5,707,918
<b>Comprehensive income</b>							
Net income	-	-	-	1,255,712	-	-	1,255,712
Other comprehensive income	-	-	-	-	-	23,469	23,469
<b>Total comprehensive income</b>	-	-	-	1,255,712	-	23,469	1,279,181
<b>Transactions with owners and other transactions</b>							
Cash dividends	-	-	-	(45,496)	-	-	(45,496)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	9	-	(9)	-
Purchase and disposal of treasury stock	-	-	-	(62)	(584,881)	-	(584,943)
Changes from business combination	-	-	-	-	-	-	-
Changes from loss of control	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	177,712	-	-	-	-	177,712
Changes in associates' interests in their subsidiaries	-	(3,692)	-	-	-	-	(3,692)
Changes in interests in associates' capital surplus	-	1,277	-	-	-	-	1,277
Share-based payment transactions	-	480	-	-	-	-	480
Other	-	-	-	-	-	-	-
<b>Total transactions with owners and other transactions</b>	-	175,777	-	(45,549)	(584,881)	(9)	(454,662)
<b>As of June 30, 2020</b>	<u>238,772</u>	<u>1,666,102</u>	<u>496,876</u>	<u>5,155,983</u>	<u>(686,497)</u>	<u>(338,799)</u>	<u>6,532,437</u>

(Millions of yen)

	Equity attributable to owners of the parent		Non-controlling interests	Total equity
	Accumulated other comprehensive income directly relating to assets classified as held for sale	Total		
<b>As of April 1, 2020</b>	205,695	5,913,613	1,459,304	7,372,917
<b>Comprehensive income</b>				
Net income	-	1,255,712	60,709	1,316,421
Other comprehensive income	(205,695)	(182,226)	1,812	(180,414)
<b>Total comprehensive income</b>	(205,695)	1,073,486	62,521	1,136,007
<b>Transactions with owners and other transactions</b>				
Cash dividends	-	(45,496)	(92,818)	(138,314)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	-
Purchase and disposal of treasury stock	-	(584,943)	-	(584,943)
Changes from business combination	-	-	883	883
Changes from loss of control	-	-	(425,889)	(425,889)
Changes in interests in subsidiaries	-	177,712	39,858	217,570
Changes in associates' interests in their subsidiaries	-	(3,692)	-	(3,692)
Changes in interests in associates' capital surplus	-	1,277	-	1,277
Share-based payment transactions	-	480	976	1,456
Other	-	-	(492)	(492)
<b>Total transactions with owners and other transactions</b>	-	(454,662)	(477,482)	(932,144)
<b>As of June 30, 2020</b>	-	6,532,437	1,044,343	7,576,780



**(4) Condensed Interim Consolidated Statement of Cash Flows**

	(Millions of yen)	
	Three-month period ended June 30, 2019	Three-month period ended June 30, 2020
<b>Cash flows from operating activities</b>		
Net income from continuing operations	1,188,195	579,992
Net income from discontinued operations	(10,716)	736,429
Net income	1,177,479	1,316,421
Depreciation and amortization	497,198	206,726
Gain on investments at Investment Business of Holding Companies	(1,226,250)	(650,493)
Gain on investments at SoftBank Vision Fund and other SBIA-managed funds	(414,419)	(296,577)
Finance cost	153,846	78,132
Income on equity method investments	(90,942)	(6,416)
Derivative (gain) loss (excluding (gain) loss on investments)	(5,715)	176,257
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	184,488	147,643
Gain on other investments and other loss (gain)	(9,789)	(87,648)
Income taxes	504,865	253,055
Decrease in trade and other receivables	26,429	50,590
Increase in inventories	(51,832)	(3,204)
Decrease in trade and other payables	(113,646)	(27,957)
Gain relating to loss of control over discontinued operations	-	(736,429)
Other	(71,908)	84,100
Subtotal	559,804	504,200
Interest and dividends received	15,479	8,584
Interest paid	(135,298)	(66,486)
Income taxes paid	(989,542)	(292,757)
Income taxes refunded	2,366	483
Net cash (used in) provided by operating activities	(547,191)	154,024
<b>Cash flows from investing activities</b>		
Payments for acquisition of investments	(431,742)	(1,100,223)
Proceeds from sales/redemption of investments	60,564	2,452,522
Payments for acquisition of investments by SoftBank Vision Fund and other SBIA-managed funds	(681,649)	(120,091)
Proceeds from sales of investments by SoftBank Vision Fund and other SBIA-managed funds	-	197,591
Payments for acquisition of control over subsidiaries	-	(12,151)
Payments for acquisition of marketable securities for short-term trading	(14,789)	(18,784)
Proceeds from sales/redemption of marketable securities for short-term trading	25,337	88,100
Purchase of property, plant and equipment, and intangible assets	(319,247)	(149,661)
Payments for loan receivables	(80,277)	(62,062)
Collection of loan receivables	42,472	5,146
Other	31,340	(39,284)
Net cash (used in) provided by investing activities	(1,367,991)	1,241,103

	Three-month period ended June 30, 2019	(Millions of yen) Three-month period ended June 30, 2020
<b>Cash flows from financing activities</b>		
Proceeds in short-term interest-bearing debt, net	468,575	268,170
Proceeds from interest-bearing debt	2,018,275	2,143,570
Repayment of interest-bearing debt	(1,206,144)	(1,017,864)
Repayment of lease liabilities	(195,149)	(110,577)
Contributions into SoftBank Vision Fund and other SBLA-managed funds from third-party investors	345,672	764,660
Distribution/repayment from SoftBank Vision Fund and other SBLA-managed funds to third-party investors	(68,409)	(217,367)
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests	-	310,200
Purchase of shares of subsidiaries from non-controlling interests	(14,221)	(1)
Purchase of treasury stock	(215,935)	(585,699)
Cash dividends paid	(22,684)	(44,404)
Cash dividends paid to non-controlling interests	(79,801)	(89,719)
Other	(3,878)	(5,594)
Net cash provided by financing activities	1,026,301	1,415,375
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(37,096)	1,798
<b>(Decrease) increase in cash and cash equivalents</b>	(925,977)	2,812,300
<b>Cash and cash equivalents at the beginning of the period</b>	3,858,518	3,369,015
<b>Cash and cash equivalents at the end of the period</b>	2,932,541	6,181,315

## Notes:

1. Cash flows from continuing operations and cash flows from discontinued operations are included. The details are described in "Note 3. Discontinued operations."
2. Presentation method for the condensed interim consolidated statement of cash flows has been changed for the three-month period ended June 30, 2020. The details are described in "Note 1. Changes in presentation."

## (5) Significant Doubt about Going Concern Assumption

There are no applicable items.

## (6) Notes to Condensed Interim Consolidated Financial Statements

### 1. Changes in presentation

(Condensed interim consolidated statement of income)

- a. Continuing operations and discontinued operations are presented separately for the fiscal year ended March 31, 2020. In order to reflect the change, the presentation has been reclassified similarly for the three-month period ended June 30, 2019. The details are described in “Note 3. Discontinued operations.”
- b. SoftBank Group Corp. is a strategic investment holding company that conducts investments and manages investment portfolios in a number of companies directly (including investments through subsidiaries) or through investment funds (such as SoftBank Vision Fund). The Company has been focusing on the investment activities including those led by SoftBank Vision Fund that began its operation in 2017, thereby transforming business structures.

Following the completion of the merger between Sprint and T-Mobile US, Inc. on April 1, 2020, Sprint has been no longer a subsidiary of the Company from that date. As a result, the materiality of the investment activities has increased even further for the overall consolidated financial results of the Company. Consequently, the Company has revised the presentation of the consolidated statement of income from the three-month period ended June 30, 2020. “Operating income,” as previously presented, did not include gain and loss on investments other than those included in “Operating income from SoftBank Vision Fund and other SBIA-managed funds.” Therefore, the Company determined that it was no longer meaningful to appropriately present the consolidated financial results of the Company as a strategic investment holding company. For these reasons, the Company determined not to present “Operating income” in the consolidated statement of income from the three-month period ended June 30, 2020.

In connection with this change, the Company also determined to present “Gain (loss) on investments” in the consolidated statement of income from the three-month period ended June 30, 2020 in order to clearly present investment performance in the consolidated financial results of the Company. “Gain (loss) on investments” includes realized gain and loss from sales of investments in financial assets at FVTPL for which investment performance is measured at fair value, unrealized gain and loss on valuation of investments, dividend income from investments, derivative gain and loss relating to financial assets at FVTPL, and realized gain and loss from sales of investments accounted for using the equity method.

Furthermore, the Company determined to present, as component of “Gain (loss) on investments,” “Gain (loss) on investments at Investment Business of Holding Companies,” “Gain (loss) on investments at SoftBank Vision Fund and other SBIA-managed funds,” and “Gain (loss) on other investments.” Investment Business of Holding Companies segment is included in the reportable segments from the three-month period ended June 30, 2020. The details are described in “Note 4. Segment information.” Derivative gain and loss other than those mentioned above are presented as “Derivative gain (loss) (excluding gain (loss) on investments).” In addition, income or loss on equity method investments arising from recognizing the Company’s share in profit or loss of the investees is presented as “Income on equity method investments” as previously presented.

In order to reflect these changes in presentation, similar reclassifications have been made to the condensed interim consolidated statement of income for the three-month period ended June 30, 2019. Details of the reclassifications are as follows.

For the three-month period ended June 30, 2019

(Millions of yen)

Before changes in presentation (after reclassification of discontinued operations)	Reclassification amounts	After changes in presentation	
Continuing operations		Continuing operations	
Net sales	1,480,292	-	1,480,292
Cost of sales	<u>(812,731)</u>	-	<u>(812,731)</u>
Gross profit	667,561	-	667,561
		Gain (loss) on investments	
	-	1,226,250	1,226,250
		Gain (loss) on investments at Investment Business of Holding Companies	
	-	414,419	414,419
		Gain (loss) on investments at SoftBank Vision Fund and other SBIA-managed funds	
	-	6,364	6,364
	-	1,647,033	1,647,033
		Gain (loss) on other investments	
		Total gain (loss) on investments	
Selling, general and administrative expenses	(440,575)	(16,795)	(457,370)
Other operating income (loss) <sup>1</sup>	<u>827</u>	(827)	-
Operating income (excluding operating income from SoftBank Vision Fund and other SBIA-managed funds)	227,813	(227,813)	-
Operating income from SoftBank Vision Fund and other SBIA-managed funds <sup>2</sup>	397,630	(397,630)	-
Operating income	<u>625,443</u>	(625,443)	-
Finance cost	(71,822)	-	(71,822)
Income (loss) on equity method investments	90,746	827	91,573
Foreign exchange gain (loss) <sup>3</sup>	(6,546)	6,546	-
Derivative gain (loss) <sup>4</sup>	(10,812)	13,387	2,575
		Derivative gain (loss) (excluding gain (loss) on investments)	
Gain relating to settlement of variable prepaid forward contracts using Alibaba shares <sup>5</sup>	1,218,527	(1,218,527)	-
Gain (loss) from financial instruments at FVTPL <sup>6</sup>	27,354	(27,354)	-
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	(184,488)	-	(184,488)
		Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	
Other non-operating income (loss) <sup>7</sup>	6,606	(6,606)	-
	-	(54)	(54)
		Other gain (loss)	
Income before income tax	<u>1,695,008</u>	-	<u>1,695,008</u>
Income taxes	<u>(506,813)</u>	-	<u>(506,813)</u>
Net income from continuing operations	<u>1,188,195</u>	-	<u>1,188,195</u>
		Net income from continuing operations	
Discontinued operations		Discontinued operations	
Net income from discontinued operations	(10,716)	-	(10,716)
Net income	<u>1,177,479</u>	-	<u>1,177,479</u>
		Net income from discontinued operations	
		Net income	

## Notes:

1. Income and loss on equity method investments of ¥827 million at Fortress, which was previously presented in “Other operating income (loss),” was reclassified as “Income (loss) on equity method investments.”
2. Of ¥397,630 million previously presented in “Operating income from SoftBank Vision Fund and other SBIA-managed funds,” gain and loss on investments of ¥414,419 million was reclassified as “Gain (loss) on investments at SoftBank Vision Fund and other SBIA-managed funds,” and other amounts of ¥(16,795) million and ¥6 million were reclassified as “Selling, general and administrative expenses” and “Other gain (loss),” respectively.
3. ¥(6,546) million previously presented in “Foreign exchange gain (loss)” was reclassified as “Other gain (loss).”
4. Of derivative gain and loss relating to gain and loss on investments of ¥(13,387) million, which was previously presented in “Derivative gain (loss),” ¥(11,082) million and ¥(2,305) million were reclassified as “Gain (loss) on investments at Investment Business of Holding Companies” and “Other gain (loss) on investments,” respectively.
5. ¥1,218,527 million previously presented in “Gain relating to settlement of variable prepaid forward contract using Alibaba shares” was reclassified as “Gain (loss) on investments at Investment Business of Holding Companies.”
6. Of ¥27,354 million previously presented in “Gain (loss) from financial instruments at FVTPL,” ¥18,805 million and ¥8,549 million were reclassified as “Gain (loss) on investments at Investment Business of Holding Companies” and “Gain (loss) on other investments,” respectively.
7. Of ¥6,606 million previously presented in “Other non-operating income (loss),” dividend income of ¥120 million was reclassified as “Gain (loss) on other investments” and other amount of ¥6,486 million was reclassified as “Other gain (loss).”

## (Condensed interim consolidated statement of cash flows)

For the three-month period ended June 30, 2019

(Millions of yen)

Before changes in presentation	Reclassification amounts	After changes in presentation		
Cash flows from operating activities			Cash flows from operating activities	
Net income from continuing operations	1,188,195	-	1,188,195	Net income from continuing operations
Net income from discontinued operations	(10,716)	-	(10,716)	Net income from discontinued operations
Net income	1,177,479	-	1,177,479	Net income
Depreciation and amortization	497,198	-	497,198	Depreciation and amortization
	-	(1,226,250)	(1,226,250)	(Gain) loss on investments at Investment Business of Holding Companies
(Gain) loss on investments at SoftBank Vision Fund and other SBIA-managed funds	(414,419)	-	(414,419)	(Gain) loss on investments at SoftBank Vision Fund and other SBIA-managed funds
Finance cost	153,846	-	153,846	Finance cost
(Income) loss on equity method investments <sup>1</sup>	(90,115)	(827)	(90,942)	(Income) loss on equity method investments
Derivative (gain) loss <sup>2</sup>	7,672	(13,387)	(5,715)	Derivative (gain) loss (excluding (gain) loss on investments)
(Gain) relating to settlement of variable prepaid forward contract using Alibaba shares <sup>3</sup>	(1,218,527)	1,218,527	-	
(Gain) loss from financial instruments at FVTPL <sup>4</sup>	(27,496)	27,496	-	
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	184,488	-	184,488	Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds
Foreign exchange (gain) loss and other non-operating (income) loss <sup>5</sup>	(3,396)	3,396	-	
	-	(9,789)	(9,789)	(Gain) loss on other investments and other (gain) loss
Income taxes	504,865	-	504,865	Income taxes
(Increase) decrease in trade and other receivables	26,429	-	26,429	(Increase) decrease in trade and other receivables
(Increase) decrease in inventories	(51,832)	-	(51,832)	(Increase) decrease in inventories
Increase (decrease) in trade and other payables	(113,646)	-	(113,646)	Increase (decrease) in trade and other payables
Other <sup>1</sup>	(72,742)	834	(71,908)	Other
Subtotal	559,804	-	559,804	Subtotal

## Notes:

- Income and loss on equity method investments of ¥(827) million at Fortress, which was previously included in "Other," was reclassified as "(Income) loss on equity method investments."
- Of derivative gain and loss relating to gain and loss on investments of ¥13,387 million, which was previously presented in "Derivative (gain) loss," ¥11,082 million and ¥2,305 million were reclassified as "(Gain) loss on investments at Investment Business of Holding Companies" and "(Gain) loss on other investments and other (gain) loss," respectively.
- ¥(1,218,527) million previously presented in "Gain relating to settlement of variable prepaid forward contract using Alibaba shares" was reclassified as "(Gain) loss on investments at Investment Business of Holding Companies."

4. Of ¥(27,496) million previously presented in ““(Gain) loss from financial instruments at FVTPL,” ¥(18,805) million and ¥(8,691) million were reclassified as ““(Gain) loss on investments at Investment Business of Holding Companies” and ““(Gain) loss on other investments and other (gain) loss,” respectively.
5. ¥(3,396) million previously presented in “Foreign exchange (gain) loss and other non-operating (income) loss” was reclassified as ““(Gain) loss on other investments and other (gain) loss.”

## 2. Significant accounting policies

Significant accounting policies applied to the condensed interim consolidated financial statements are the same as the accounting policies applied to the consolidated financial statements for the fiscal year ended March 31, 2020, except for the following. In addition, income taxes for the three-month period ended June 30, 2020 are calculated based on the estimated effective tax rate for the fiscal year.

(Significant accounting policies for the SoftBank Vision Fund and Other SBIA-Managed Funds segment)

For SoftBank Vision Fund, the Company applies the following accounting policies.

### a. Consolidation of SoftBank Vision Fund by the Company

SoftBank Vision Fund is a limited partnership established by its general partner which is a wholly-owned subsidiary of the Company, and by its form of organization, qualifies as a structured entity. SoftBank Vision Fund is consolidated by the Company for the following reasons.

The various entities comprising SoftBank Vision Fund make investment decisions through its investment committee, which was established as a committee of SBIA. SBIA is an advisory company and is a wholly-owned subsidiary of the Company. As such, the Company has power as defined under IFRS 10 “Consolidated Financial Statements” over SoftBank Vision Fund. Furthermore, SBIA receives performance fees and the Company receives distributions attributable to limited partners based on the investment performance as returns from SoftBank Vision Fund. The Company has the ability to affect those returns through its power over SoftBank Vision Fund, and therefore, the Company is deemed to have control as stipulated in IFRS 10 over SoftBank Vision Fund.

Inter-company transactions such as management fees and performance fees to SBIA paid or to be paid from SoftBank Vision Fund are eliminated in consolidation.

### b. Portfolio company investments made by SoftBank Vision Fund

#### (a) Investments in subsidiaries

Of the portfolio company investments made by SoftBank Vision Fund, the portfolio companies that the Company is deemed to control under IFRS 10 are subsidiaries of the Company. Accordingly, their results of operations, assets and liabilities are included in the Company’s condensed interim consolidated financial statements.

Gain and loss on investments in the subsidiaries of the Company which are recognized in SoftBank Vision Fund are eliminated in consolidation.

#### (b) Investments in associates and joint ventures

Of the portfolio company investments made by SoftBank Vision Fund, the portfolio companies over which the Company has significant influence under IAS 28 “Investments in Associates and Joint Ventures” are associates of the Company, and the portfolio companies that are joint ventures of SoftBank Vision Fund when, as defined under IFRS 11 “Joint Arrangements,” SoftBank Vision Fund has joint control with other investors under contractual arrangements and the investors have rights to the net assets of the arrangement.

The investments in associates and joint ventures of the Company made by SoftBank Vision Fund are accounted for as financial assets at FVTPL in accordance with paragraph 18 of IAS 28, and presented as “Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL” in the condensed interim consolidated statement of financial position. The payments for these investments are presented as “Payments for

acquisition of investments by SoftBank Vision Fund and other SBIA-managed funds” under cash flows from investing activities in the condensed interim consolidated statement of cash flows.

(c) Other investments

Investments other than those in associates or joint ventures of the Company made by SoftBank Vision Fund are accounted for as financial assets at FVTPL. The presentation of these investments in the condensed interim consolidated statement of financial position and the condensed interim consolidated statement of cash flows are the same as the above “(b) Investments in associates and joint ventures.”

c. Contribution from limited partners to SoftBank Vision Fund

SoftBank Vision Fund issues capital calls to its limited partners (“Capital Call”).

(a) Contribution from limited partners other than the Company

The interests attributable to limited partners other than the Company (“Third-Party Investors”) are classified as financial liabilities, “Third-party interests in SoftBank Vision Fund and other SBIA-managed funds” in the condensed interim consolidated statement of financial position, due to the predetermined finite life and contractual payment provision to each of the limited partners at the end of the finite life within the limited partnership agreement. The liabilities are classified as “financial liabilities measured at amortized cost” upon initial recognition. The carrying amounts attributable to Third-Party Investors represent the amounts that would be distributed in accordance with the limited partnership agreement in a theoretical liquidation scenario at the end of each quarter.

“Third-party interests in SoftBank Vision Fund and other SBIA-managed funds” fluctuates due to the results of SoftBank Vision Fund in addition to contributions from Third-Party Investors in satisfaction of Capital Call, and distributions and repayments of investments to Third-Party Investors. The fluctuations due to the results of SoftBank Vision Fund are presented as “Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds” in the condensed interim consolidated statement of income.

Contributions from Third-Party Investors to SoftBank Vision Fund are included in “Contributions into SoftBank Vision Fund and other SBIA-managed funds from third-party investors” under cash flows from financing activities in the condensed interim consolidated statement of cash flows. The distributions and repayments of investments to Third-Party Investors are included in “Distribution/repayment from SoftBank Vision Fund and other SBIA-managed funds to third-party investors” under cash flows from financing activities in the condensed interim consolidated statement of cash flows.

Uncalled committed capital from Third-Party Investors is not subject to IFRS 9, “Financial Instruments,” and, therefore, such amount is not recorded in the condensed interim consolidated statement of financial position.

(b) Contribution from the Company

Contributions from the Company as limited partners are eliminated in consolidation.



### 3. Discontinued operations

As of March 31, 2020, it was highly probable that Sprint would merge with T-Mobile US, Inc. and would no longer be a subsidiary of the Company. Accordingly, assets, liabilities, and accumulated other comprehensive income of Sprint were reclassified as a disposal group classified as held for sale. The disposal group classified as held for sale was measured at the carrying amount as the fair value of T-Mobile US, Inc. shares which the Company acquired from the merger transaction was higher than the carrying amount of Sprint shares.

On April 1, Starburst I, Inc. which held Sprint shares and Galaxy Investment Holdings, Inc. were merged with and into Huron Merger Sub LLC, a U.S. subsidiary of T-Mobile US, Inc. and directly owned by T-Mobile US, Inc., with Huron Merger Sub LLC as the surviving company. In addition, Superior Merger Sub Corp., a U.S. subsidiary of Huron Merger Sub LLC and directly owned by Huron Merger Sub LLC, was merged with and into Sprint, with Sprint as the surviving company. As a result of the transactions, Sprint became a wholly-owned subsidiary of T-Mobile which was a new company after the merger and owned Sprint indirectly.

As a result, Sprint was no longer a subsidiary of the Company and T-Mobile became an equity method associate of the Company from that date. The difference between the total fair value less costs to sell as of April 1, 2020 for acquired T-Mobile shares as consideration of the merger transaction and acquiring shares when certain contingency is satisfied (the “contingent consideration”), and the carrying amount of Sprint (assets, liabilities, accumulated other comprehensive income, and non-controlling interests in Sprint) was recorded as gain relating to loss of control for the three-month period ended June 30, 2020. In addition, the carrying amount of non-controlling interests in Sprint at the time of loss of control over Sprint is ¥424,746 million.

The Company surrendered to T-Mobile an aggregate of 48,751,557 shares of T-Mobile common stock, of the 353,357,606 shares to be received from the Transaction, effective immediately following the closing of the Transaction. If the trailing 45-day volume-weighted average price per share of T-Mobile common stock on the NASDAQ Global Select Market is equal to or greater than \$150 at any time during the period commencing on the second anniversary of the closing date and ending on December 31, 2025, T-Mobile will re-issue to the Company, for no additional consideration, a number of shares of T-Mobile common stock equal to the abovementioned number of shares to be surrendered, subject to the terms and conditions included as part of the Business Combination Agreement.

The Company recognizes the fair value of the contingent consideration as “Derivative financial assets (non-current)” in the condensed interim consolidated statement of financial position and ¥196,313 million is recorded as of the acquisition date. In addition, changes in the fair value after the acquisition date is recognized as “Gain on investments at Investment Business of Holding Companies” in the condensed interim consolidated statement of income.

Operating results related to Sprint for the three-month period ended June 30, 2019 and gain relating to loss of control over Sprint for the three-month period ended June 30, 2020 are presented as discontinued operations, separately from continuing operations, in the condensed interim consolidated statement of income.

In addition, of 304,606,049 shares of T-Mobile common stock held, 173,564,426 shares were transferred by the Company on June 26, 2020. As a result of the transaction, due to the decrease in voting rights ratio resulted from the share transfer, the Company had no significant influence over T-Mobile and T-Mobile was no longer considered as an equity method associate of the Company. The details are described in “Note 17. Additional information.”

## (1) Disposal group classified as held for sale

	As of March 31, 2020	(Millions of yen) As of June 30, 2020
Assets classified as held for sale		
Cash and cash equivalents	240,982	-
Trade and other receivables	385,511	-
Other financial assets	7,166	-
Inventories	97,712	-
Other current assets	131,240	-
<b>Total current assets</b>	<b>862,611</b>	<b>-</b>
Property, plant and equipment	1,890,600	-
Right-of-use assets	763,529	-
Goodwill	322,978	-
Intangible assets	5,082,956	-
Costs to obtain contracts	196,438	-
Investments accounted for using the equity method	3,049	-
Investment securities	3,225	-
Other financial assets	47,140	-
Other non-current assets	63,522	-
<b>Total non-current assets</b>	<b>8,373,437</b>	<b>-</b>
<b>Total assets</b>	<b>9,236,048</b>	<b>-</b>
Liabilities directly relating to assets classified as held for sale		
Interest-bearing debt	331,881	-
Lease liabilities	202,743	-
Trade and other payables	395,415	-
Income taxes payables	1,949	-
Provisions	8,720	-
Other current liabilities	292,041	-
<b>Total current liabilities</b>	<b>1,232,749</b>	<b>-</b>
Interest-bearing debt	3,591,777	-
Lease liabilities	583,348	-
Derivative financial liabilities	5,189	-
Other financial liabilities	4,298	-
Provisions	81,261	-
Deferred tax liabilities	746,834	-
Other non-current liabilities	209,515	-
<b>Total non-current liabilities</b>	<b>5,222,222</b>	<b>-</b>
<b>Total liabilities</b>	<b>6,454,971</b>	<b>-</b>

	As of March 31, 2020	(Millions of yen) As of June 30, 2020
Accumulated other comprehensive income directly relating to assets classified as held for sale		
Cash flow hedges	(3,454)	-
Exchange differences on translating foreign operations	209,149	-
<b>Total accumulated other comprehensive income</b>	<b>205,695</b>	<b>-</b>

(2) Results of operations from discontinued operations

	Three-month period ended June 30, 2019	(Millions of yen) Three-month period ended June 30, 2020
Net sales	856,105	-
Cost of sales	(523,124)	-
Selling, general and administrative expenses	(222,539)	-
Finance cost	(82,024)	-
Other	(41,082)	-
Income from discontinued operations before income tax	(12,664)	-
Income taxes	1,948	-
Income from discontinued operations after income tax	(10,716)	-
Income relating to loss of control over discontinued operations*	-	736,429
<b>Net income from discontinued operations</b>	<b>(10,716)</b>	<b>736,429</b>
Net income from discontinued operations	(10,716)	736,429
Other comprehensive income from discontinued operations	(85,534)	(205,694)
<b>Comprehensive income from discontinued operations</b>	<b>(96,250)</b>	<b>530,735</b>

Note:

\* Tax expense is presented as zero in the condensed interim consolidated statement of income because it is likely that taxable income at SoftBank Group Corp. will not be generated for the fiscal year despite income related to discontinued operations for the acquired contingent consideration at the time of the merger between Sprint and T-Mobile US, Inc. was generated at SoftBank Group Corp.

(3) Cash flows from discontinued operations

	Three-month period ended June 30, 2019	(Millions of yen) Three-month period ended June 30, 2020
Cash flows from operating activities	192,556	(10,975)
Cash flows from investing activities	(154,706)	-
Cash flows from financing activities	(270,309)	-
	<b>(232,459)</b>	<b>(10,975)</b>

The disposal of Sprint shares as of April 1, 2020 was conducted as a share exchange with T-Mobile shares and are correspond to non-cash transaction.

#### 4. Segment information

##### (1) Description of reportable segments

The Company's reportable segments are components of business activities for which discrete financial information is available, and such information is regularly reviewed by the Company's Board of Directors in order to make decisions about the allocation of resources and assess its performance.

For the fiscal year ended March 31, 2020, the Company had four reportable segments, the SoftBank Vision Fund and Other SBIA-Managed Funds segment, the SoftBank segment, the Arm segment, and the Brightstar segment. Following the completion of the merger between Sprint and T-Mobile US, Inc. on April 1, 2020, Sprint has been no longer a subsidiary of the Company from that date. As a result, the materiality of the investment activities has increased even further for the overall consolidated financial results of the Company. Consequently, business segments that are regularly reviewed by the Company's Board of Directors have been changed. Accordingly, from the three-month period ended June 30, 2020, the Company has revised its segment classifications to the following five reportable segments: the Investment Business of Holding Companies segment, the SoftBank Vision Fund and Other SBIA-Managed Funds segment, the SoftBank segment, the Arm segment, and the Brightstar segment.

The Investment Business of Holding Companies segment conducts, mainly through SoftBank Group Corp. as a strategic investment holding company, investment activities in a wide range of sectors in Japan and overseas directly or through subsidiaries of the Company. The Investment Business of Holding Companies segment consists of SoftBank Group Corp., SoftBank Group Capital Limited, SoftBank Group Japan Corporation, and certain subsidiaries of the Company that conduct investment or funding. Gain and loss on investments at Investment Business of Holding Companies consists of gain and loss arising from investments held directly by SoftBank Group Corp. or through subsidiaries of the Company. However, gain and loss on investments relating to investments in subsidiaries including dividend income from subsidiaries and impairment loss on investments in subsidiaries are excluded.

The SoftBank Vision Fund and Other SBIA-Managed Funds segment conducts, mainly through SoftBank Vision Fund, investment activities in a wide range of technology sectors. Gain and loss on investments at SoftBank Vision Fund and other SBIA-managed funds consists of gain and loss arising from investments held by SoftBank Vision Fund including the investment in the Company's subsidiary.

The SoftBank segment provides, mainly through SoftBank Corp., mobile communications services, sale of mobile devices, fixed-line telecommunication services such as broadband services in Japan, and through Z Holdings Corporation, internet advertising and e-commerce business.

The Arm segment provides, through Arm, designs of microprocessor intellectual property and related technology, the sale of software tools, and software services.

The Brightstar segment provides, through Brightstar, distribution of mobile devices overseas.

Information on business segments which are not included in the reportable segments is classified in "Other." "Other" includes mainly PayPay Corporation, Fortress, the investment fund business in Latin America, and the Fukuoka SoftBank HAWKS-related operations.

"Reconciliations" includes an elimination of intersegment transactions, as well as an elimination of income on equity method investments recognized relating to PayPay Corporation, which is included in segment income of the Softbank segment. Such income on equity method investments is eliminated because the Company consolidates PayPay Corporation as its subsidiary and related amounts are also included in "Other."

Segment information for the three-month period ended June 30, 2019 is presented based on the reportable segments after the aforementioned change.

## (2) Net sales and income of reportable segments

Income of reportable segments is defined as “Income before income tax.” In accordance with the change in presentation of the consolidated statement of income where “Operating income” is no longer presented, which has been implemented from the three-month period ended June 30, 2020, income of reportable segments to be reported to the Company’s Board of Directors in order to make decisions about the allocation of resources and assess its performance has been changed from “Operating income” to “Income before income tax.” The details are described in “Note 1. Changes in presentation.” As in the consolidated statement of income, “Gain (loss) on investments” included in segment income includes realized gain and loss from sales of investments in financial assets at FVTPL for which investment performance is measured at fair value, unrealized gain and loss on valuation of investments, dividend income from investments, derivative gain and loss relating to investments in financial assets at FVTPL, and realized gain and loss from sales of investments accounted for using the equity method. The Investment Business of Holding Companies segment calculates its segment income by eliminating gain and loss on investments relating to investments in subsidiaries, including dividend income from subsidiaries and impairment loss on investments in subsidiaries.

Intersegment transaction prices are determined under the same general business conditions as applied for external customers.

For the three-month period ended June 30, 2019

(Millions of yen)

	Reportable segments				
	Investment Business of Holding Companies	SoftBank Vision Fund and Other SBIA-Managed Funds	SoftBank	Arm	Brightstar
Net sales					
Customers	-	-	1,162,590	45,843	233,370
Intersegment	-	-	1,996	88	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,164,586</b>	<b>45,931</b>	<b>233,370</b>
Segment income	1,247,180	212,064	261,696	(11,173)	(2,863)
Depreciation and amortization	(464)	(52)	(164,949)	(17,917)	(1,771)
Gain (loss) on investments	1,226,250	414,419	9,373	55	139
Finance cost	(51,111)	(1,901)	(14,013)	(302)	(2,412)
Income (loss) on equity method investments	88,883	-	(3,458)	78	26
	<b>Total</b>	<b>Other</b>	<b>Reconciliations</b>	<b>Consolidated</b>	
Net sales					
Customers	1,441,803	38,489	-	1,480,292	
Intersegment	2,084	4,409	(6,493)	-	
<b>Total</b>	<b>1,443,887</b>	<b>42,898</b>	<b>(6,493)</b>	<b>1,480,292</b>	
Segment income	1,706,904	(23,110)	11,214	1,695,008	
Depreciation and amortization	(185,153)	(9,751)	-	(194,904)	
Gain (loss) on investments	1,650,236	(3,203)	-	1,647,033	
Finance cost	(69,739)	(3,356)	1,273	(71,822)	
Income (loss) on equity method investments	85,529	1,319	4,725	91,573	

For the three-month period ended June 30, 2020

(Millions of yen)

	Reportable segments				
	Investment Business of Holding Companies	SoftBank Vision Fund and Other SBIA-Managed Funds	SoftBank	Arm	Brightstar
Net sales					
Customers	-	-	1,166,974	48,986	172,763
Intersegment	-	-	5,348	216	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,172,322</b>	<b>49,202</b>	<b>172,763</b>
Segment income	458,897	129,630	259,249	(13,340)	(1,063)
Depreciation and amortization	(455)	(150)	(173,134)	(18,298)	(1,882)
Gain on investments	650,493	296,577	4,116	-	32
Finance cost	(53,150)	(4,600)	(16,256)	(213)	(1,633)
Income (loss) on equity method investments	4,103	-	(9,006)	713	(157)
	<b>Total</b>	<b>Other</b>	<b>Reconciliations</b>	<b>Consolidated</b>	
Net sales					
Customers	1,388,723	61,332	-	1,450,055	
Intersegment	5,564	2,022	(7,586)	-	
<b>Total</b>	<b>1,394,287</b>	<b>63,354</b>	<b>(7,586)</b>	<b>1,450,055</b>	
Segment income	833,373	(8,689)	8,363	833,047	
Depreciation and amortization	(193,919)	(12,807)	-	(206,726)	
Gain on investments	951,218	31,734	-	982,952	
Finance cost	(75,852)	(3,870)	1,590	(78,132)	
Income (loss) on equity method investments	(4,347)	2,809	7,954	6,416	

## 5. SoftBank Vision Fund and other SBIA-managed funds business

### (1) Income and loss arising from the SoftBank Vision Fund and other SBIA-managed funds business

#### a. Overview

Segment income arising from the SoftBank Vision Fund and other SBIA-managed funds business (income before income tax) consists of income and loss arising from all entities, which are various entities comprising SoftBank Vision Fund, general partners of the funds, and SBIA as a manager of the funds. Income and loss arising from SoftBank Vision Fund attributable to Third-Party Investors are presented as “Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds.” As a result, segment income from the SoftBank Vision Fund and other SBIA-managed funds business includes income and loss attributable to the Company as limited partners, management fees and performance fees to SBIA.

#### b. Segment income arising from the SoftBank Vision Fund and other SBIA-managed funds business

The components of segment income arising from the SoftBank Vision Fund and other SBIA-managed funds business are as follows:

	Three-month period ended June 30, 2019	(Millions of yen) Three-month period ended June 30, 2020
Gain (loss) on investments at SoftBank Vision Fund and other SBIA-managed funds		
Realized gain on sales of investments	-	111,425
Unrealized gain (loss) on valuation of investments		
Change in valuation for the fiscal year	408,514	258,056
Reclassified to realized loss recorded in the past fiscal year <sup>1</sup>	-	(79,942)
Dividend income from investments	5,905	2,888
Derivative gain on investments	-	815
Effect of foreign exchange translation <sup>2</sup>	-	3,335
	414,419	296,577
Selling, general and administrative expenses	(16,795)	(14,342)
Finance cost (interest expenses)	(1,901)	(4,600)
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	(184,488)	(147,643)
Other gain (loss)	829	(362)
Segment income arising from the SoftBank Vision Fund and other SBIA-managed funds business (income before income tax)	212,064	129,630

#### Notes:

1. It represents the unrealized gains and losses on valuation of investments recorded as “Gain (loss) on investments at SoftBank Vision Fund and other SBIA-managed funds” in the past fiscal years, which are reclassified to realized gain and loss on sales of investments due to the sales of the shares.
2. Unrealized gains and losses on investments are translated using the average exchange rate for the quarter in which the gains and losses were recognized, while realized gains and losses on disposal of investments are translated using the average exchange rate for the quarter in which the shares were disposed. Foreign currency translation effects are arising from the different foreign currency exchange rates used for unrealized gains and losses and realized gains and losses.



## (2) Third-party interests in SoftBank Vision Fund

## a. Terms and conditions of contribution from/ distribution to limited partners

Contributions by the limited partners are classified as “Equity” and “Preferred Equity” depending on the terms and conditions of distribution. Preferred Equity is prioritized over Equity with regard to distribution and return of contribution.

Performance-based distributions attributed to limited partners, consisting of the Company and Third-Party Investors, are calculated using the net proceeds from the investment performance of SoftBank Vision Fund. Those performance-based distributions and performance fees attributed to SBIA will be allocated using the method specified in the limited partnership agreement. The amount of performance-based distribution attributed to limited partners will be allocated to each limited partner based on the proportion of their respective Equity contribution. The amount of performance-based distributions is paid to each limited partner after SoftBank Vision Fund receives cash through dividend, or disposition or monetization of investments.

Fixed distributions are defined as distributions of Preferred Equity holders which are calculated equal to a 7% rate per annum based on their contributions. The fixed distributions are made every last business day of the months June and December.

In the following table, Third-Party Investors contributing Equity are defined as “Investors entitled to performance-based distribution” and Third-Party Investors contributing Preferred Equity are defined as “Investors entitled to fixed distribution.”

## b. Changes in interests attributable to Third-Party Investors

Changes in interests attributable to Third-Party Investors (“Third-party interests in SoftBank Vision Fund and other SBIA-managed funds” included in the condensed interim consolidated statement of financial position) are as follows:

	Third-party interests (Total of current liabilities and non-current liabilities)	(Millions of yen)	
		(For reference purposes only) Links with the condensed interim consolidated financial statements	
		Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
	(Breakdown)		
As of April 1, 2020	4,584,419		
Contributions from third-party investors	764,660	-	764,660
Changes in third-party interests	147,643	(147,643)	-
Attributable to investors entitled to fixed distribution	49,981		
Attributable to investors entitled to performance-based distribution	97,662		
Distribution/repayment to third-party investors	(217,367)	-	(217,367)
Exchange differences on translating third-party interests*	(45,915)	-	-
As of June 30, 2020	<u>5,233,440</u>		

Note:

\* Exchange differences were included in “Exchange differences on translating foreign operations” in the condensed interim consolidated statement of comprehensive income.

c. Uncalled committed capital from Third-Party Investors

Uncalled committed capital from SoftBank Vision Fund's Third-Party Investors as of June 30, 2020 was \$9.8 billion.

(3) Management fees and performance fees to SBIA

Terms and conditions of management fees and performance fees to SBIA from SoftBank Vision Fund, included in segment income from the SoftBank Vision Fund and other SBIA-managed funds business, are as follows.

a. Management fees to SBIA

Management fees to SBIA are, in accordance with the limited partnership agreement, calculated by multiplying 1% per annum by Equity contributions and paid to SBIA by SoftBank Vision Fund quarterly. A clawback provision is attached to the management fees received, which is triggered under certain conditions based on future investment performance.

b. Performance fees to SBIA

Same as the performance-based distributions, the amount of the performance fees to SBIA is calculated using the allocation method as specified in the limited partnership agreement. SBIA is entitled to receive the performance fees when SoftBank Vision Fund receives cash through disposition, dividend and monetization of an investment.

From the inception of SoftBank Vision Fund to June 30, 2020, the cumulative amount of performance fees paid to SBIA was \$439 million. For the three-month period ended June 30, 2020, no performance fees were paid to SBIA.

In addition, the performance fees received are subject to clawback provisions which are triggered under certain conditions based on future investment performance.

**6. Derivative financial assets (non-current)**

The increase was primarily due to the contingent consideration related to the acquisition of T-Mobile shares and the prepaid forward contracts using Alibaba shares. The details are described in "Note 3. Discontinued operations" and "Notes 2" in "(1) Components of interest-bearing debt" under "Note 8. Interest-bearing debt."

**7. Income taxes**

For the three-month period ended June 30, 2020

On May 22, 2020, as part of "SoftBank announces ¥4.5 trillion (\$41 billion) program to repurchase shares and reduce debt" announced on March 23, 2020 (the "¥4.5 trillion program"), SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, transferred a portion of SoftBank Corp. shares (ownership percentage 5.0%) and received ¥310,200 million of proceeds. As a result, the ownership percentage in SoftBank Corp. by the Company has changed from 67.1% to 62.1%. As SoftBank Corp. remains a subsidiary, ¥96,081 million, the equivalent amount of income taxes for gain on sales of SoftBank Corp. shares on a consolidation basis, is deducted from capital surplus as "Changes in interests in subsidiaries."

As a result of the transaction, it was probable that taxable income would be available for a loss carry forward whose deferred tax asset was not recognized in SoftBank Group Japan Corporation and a credit of income taxes (profit) was recorded for ¥37,933 million. Furthermore, a deductible temporary difference, associated with an investment in SoftBank Corp. whose deferred tax asset was not recognized, was reversed and a credit of income taxes (profit) was recorded for ¥20,214 million.

## 8. Interest-bearing debt

### (1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

	As of March 31, 2020	(Millions of yen) As of June 30, 2020
<b>Current</b>		
Short-term borrowings <sup>1</sup>	1,529,458	1,327,936
Commercial paper <sup>1</sup>	206,000	174,100
Current portion of long-term borrowings <sup>1</sup>	1,949,571	1,963,062
Current portion of corporate bonds	159,938	59,989
Current portion of installment payables	186	175
Total	3,845,153	3,525,262
<b>Non-current</b>		
Long-term borrowings <sup>1</sup>	3,821,473	3,875,026
Corporate bonds	5,268,883	5,472,782
Installment payables	272	232
Financial liabilities relating to sale of shares by prepaid forward contracts <sup>2</sup>	196,101	1,933,065
Total	9,286,729	11,281,105

Notes:

1. Long-term borrowings as of June 30, 2020 include ¥159,072 million (¥408,465 million of short-term borrowings, ¥10,883 million of current portion of long-term borrowings, and ¥162,195 million of long-term borrowings as of March 31, 2020) in SoftBank Vision Fund.
2. For the fiscal year ended March 31, 2020, West Raptor Holdings, LLC (“WRH LLC”), a wholly-owned subsidiary of the Company, entered into a prepaid forward contract using Alibaba shares with a financial institution. For the three-month period ended June 30, 2020, as part of the “¥4.5 trillion program,” West Raptor Holdings 2, LLC (“WRH2 LLC”), Skybridge LLC, and Skylark 2020 Holdings Limited (“Skylark Limited”), wholly-owned subsidiaries of the Company, entered into several prepaid forward contracts using Alibaba shares with financial institutions.
  - a. Contract for the fiscal year ended March 31, 2020: Procured amount ¥179,145 million (\$1.65 billion)
 

The settlement is expected in October 2021 and November 2021. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled.
  - b. Contract for the three-month period ended June 30, 2020: Procured total amount ¥1,481,716 million (\$13.7 billion)
    - (a) Forward contract: Procured amount ¥161,610 million (\$1.5 billion)
 

The settlement is expected in April 2024. The share price and the number of Alibaba shares settled by the prepaid forward contracts are fixed regardless of changes in market share price in the future.
    - (b) Floor contract: Procured amount ¥161,853 million (\$1.5 billion)
 

The settlement is expected in December 2023 and January 2024. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A floor is set for the price of shares settled.
    - (c) Collar contract: Procured amount ¥918,531 million (\$8.5 billion)
 

The settlement is expected from January 2022 to September 2022. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled.

(d) Collar contract and call spread: Procured amount ¥239,722 million (\$2.2 billion)

The settlement is expected from May 2024 to June 2024. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled. In addition to the prepaid forward contracts, the call spread (combination of long position of call option and short position of call option with different strike prices) contract is entered into in preparation for Alibaba shares price rise. A portion of the procured amount is used for the payment of option premium.

The above prepaid forward contracts are classified as hybrid financial instruments with embedded derivatives and the embedded derivatives are measured at fair value and the call spread is measured at fair value as well. Embedded derivatives are recognized for ¥113,966 million as “Derivative financial assets (non-current)” and for ¥28,107 million as “Derivative financial liabilities (non-current)” and the call spread is recognized for ¥28,032 million as “Derivative financial assets (non-current)” in the condensed interim consolidated statement of financial position as of June 30, 2020.

WRH LLC, WRH2 LLC, Skybridge LLC, and Skylark Limited have the option to settle all of the prepaid forward contracts by delivering cash, Alibaba shares, or a combination of cash and Alibaba shares. If WRH LLC, WRH2 LLC, Skybridge LLC, and Skylark Limited elect cash settlement, WRH LLC, WRH2 LLC, Skybridge LLC, and Skylark Limited will pay the cash equivalent to the fair value of the number of shares subject to the settlement, as determined by reference to the market price of the shares.

Alibaba shares held by WRH LLC, WRH2 LLC, Skybridge LLC, and Skylark Limited are pledged as collateral in accordance with all of the prepaid forward contracts, and the Company granted right of use to the financial institutions with respect to such shares. However the collateral can be released by cash settlement at the discretion of WRH LLC, WRH2 LLC, Skybridge LLC, and Skylark Limited. Alibaba continues to be an equity method associate of the Company after the completion of these transactions because the Company still has significant influence over Alibaba via voting rights. Alibaba shares pledged as collateral by the Company are recognized as “Investments accounted for using the equity method” in the condensed interim consolidated statement of financial position as of June 30, 2020 and the carrying amount is ¥408,557 million.

(2) Components of proceeds in short-term interest-bearing debt, net

The components of “Proceeds in short-term interest-bearing debt, net” in the condensed interim consolidated statement of cash flows are as follows:

	(Millions of yen)	
	Three-month period ended June 30, 2019	Three-month period ended June 30, 2020
Net increase of short-term borrowings	411,575	354,170
Net increase (decrease) of commercial paper	57,000	(86,000)
Total	468,575	268,170

(3) Components of proceeds from interest-bearing debt

The components of “Proceeds from interest-bearing debt” in the condensed interim consolidated statement of cash flows are as follows:

	(Millions of yen)	
	Three-month period ended June 30, 2019	Three-month period ended June 30, 2020
Proceeds from borrowings	1,518,275	461,854
Proceeds from issuance of corporate bonds	500,000	200,000
Proceeds from procurement by prepaid forwards contract using shares*	-	1,481,716
Total	2,018,275	2,143,570

Note:

\*The amount is procured under the prepaid forward contracts using Alibaba shares. The details are described in “Notes 2” under “(1) Components of interest-bearing debt.”

#### (4) Components of repayment of interest-bearing debt

The components of “Repayment of interest-bearing debt” in the condensed interim consolidated statement of cash flows are as follows:

	(Millions of yen)	
	Three-month period ended June 30, 2019	Three-month period ended June 30, 2020
Repayment of borrowings	(712,884)	(917,864)
Redemption of corporate bonds	(490,235)	(100,000)
Payment of installment payables	(3,025)	-
Total	<u>(1,206,144)</u>	<u>(1,017,864)</u>

## 9. Financial instruments

Option contracts included in derivative financial assets and liabilities are mainly as follows:

#### Option contracts to which hedge accounting is not applied

	(Millions of yen)			
	As of March 31, 2020		As of June 30, 2020	
	Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities
Contingent consideration relating to acquisition of T-Mobile shares <sup>1</sup>	-	-	325,962	-
Prepaid forward contracts using Alibaba shares <sup>2</sup>	5,009	-	113,966	(28,107)
Call spread contract relating to prepaid forward contracts using Alibaba shares <sup>2</sup>	-	-	28,032	-
Short call option for T-Mobile shares to Deutsche Telekom AG <sup>3</sup>	-	-	-	(147,497)

Notes:

1. Acquired due to the merger transaction with Sprint and T-Mobile US, Inc. The details are described in “Note 3. Discontinued operations.”
2. Increase was due to prepaid forward contracts using Alibaba shares and call spread contract relating to prepaid forward contracts using Alibaba shares. The details are described in “Notes 2” in “(1) Components of interest-bearing debt” under “Note 8. Interest-bearing debt.”
3. Call options for T-Mobile shares which the Company granted to Deutsche Telekom AG (“Deutsche Telekom”) in relation to the transfer of T-Mobile share. The details are described in “Note 17. Additional information.”

## 10. Foreign currency exchange rates

Exchange rates of the major currencies used for translating financial statements of foreign operations are as follows:

### (1) Rate at the end of the period

	As of March 31, 2020	As of June 30, 2020
USD	108.83	107.74
CNY	15.31	15.23
GBP*	133.32	-

(Yen)

### (2) Average rate for the quarter

	Three-month period ended June 30, 2019	Three-month period ended June 30, 2020
USD	110.00	107.74
CNY	16.13	15.16
GBP*	140.88	-

(Yen)

Note:

\* For the three-month period ended June 30, 2020, Arm Limited, a subsidiary of the Company, changed its functional currency from British pound to U.S. dollar.

This change was made based on the judgement that the primary economic environment in which Arm Limited operates had changed mainly due to the increase in proportion of the U.S. dollar denominated costs to the total costs in Arm Limited.

As a result of this change, exchange rates of British pound are not presented from the three-month period ended June 30, 2020 as it is no longer considered as a major currency used for translating financial statements of foreign operations.

## 11. Equity

### (1) Capital surplus

On May 22, 2020, as part of “the ¥4.5 trillion program,” SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, transferred a portion of SoftBank Corp. shares (ownership percentage 5.0%). As a result, the ownership percentage in SoftBank Corp. by the Company has changed from 67.1% to 62.1%. In relation to the transaction, ¥194,721 million of the equivalent amount for gain on sales of SoftBank Corp. shares after considering income taxes on a consolidation bases is recorded as “Changes in interests in subsidiaries” in capital surplus.

### (2) Other equity instruments

On July 19, 2017, the Company issued USD-denominated Undated Subordinated Non-Call 6 years Resetable Notes and USD-denominated Undated Subordinated Non-Call 10 years Resetable Notes (collectively, the “Hybrid Notes”).

The Hybrid Notes are classified as equity instruments in accordance with IFRSs because the Company has the option to defer interest payments, the notes have no maturity date, and the Company has an unconditional right to avoid delivering cash or another financial asset except for distribution of residual assets on liquidation.

### (3) Treasury stock

Changes in treasury stock are as follows:

	(Thousands of shares)	
	Three-month period ended June 30, 2019	Three-month period ended June 30, 2020
Balance at the beginning of the period	46,827	21,818
Increase during the period*	28,617	121,678
Decrease during the period	(56,306)	(177)
Balance at the end of the period	<u>19,138</u>	<u>143,319</u>

Note:

\* For the three-month period ended June 30, 2020, due to purchases of treasury stock under the resolutions passed at the Board of Directors meeting held on March 13, 2020, the number of treasury stock increased by 102,960 thousand shares (amount purchased ¥483,971 million) and at the Board of Directors meeting held on May 15, 2020, the number of treasury stock increased by 18,717 thousand shares (amount purchased ¥101,722 million) as part of “the ¥4.5 trillion program.”

### (4) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

	(Millions of yen)	
	As of March 31, 2020	As of June 30, 2020
Equity financial assets at FVTOCI	5,115	5,851
Debt financial assets at FVTOCI	580	136
Cash flow hedges	13,128	37,572
Exchange differences on translating foreign operations	(381,082)	(382,358)
Total	<u>(362,259)</u>	<u>(338,799)</u>

## 12. Gain on investments

### (1) Gain and loss on investments at Investment Business of Holding Companies

The components of gain and loss on investments at Investment Business of Holding Companies are as follows:

	(Millions of yen)	
	Three-month period ended June 30, 2019	Three-month period ended June 30, 2020
Gain relating to sales of T-Mobile shares <sup>1</sup>	-	421,863
Gain relating to settlement of prepaid forward contracts using Alibaba shares	1,218,527	-
Realized gain on sales of investments	1,738	64,159
Unrealized gain on valuation of investments	15,188	29,801
Derivative gain (loss) on investments <sup>2</sup>	(11,082)	133,349
Other	1,879	1,321
Total	<u>1,226,250</u>	<u>650,493</u>

Notes:

- On June 26, 2020, the Company transferred 173,564,426 shares out of 304,606,049 shares of T-Mobile common stock held and ¥280,341 million of gain on sales of shares of associates was recorded for the three-month period ended June 30, 2020.

In addition, due to the decrease in voting rights ratio resulted from the share transfer, the Company had no significant influence over T-Mobile and T-Mobile was no longer considered as an equity method associate of the Company on

June 26, 2020. Accordingly, ¥296,013 million of gain from remeasurement relating to discontinuing the use of the equity method for the shares, which were continuously held at the time of discontinuing the use of the equity method, was recorded for the three-month period ended June 30, 2020.

Furthermore, ¥154,491 million of derivative loss in relation to call options over T-Mobile shares granted to Deutsche Telekom was recorded at the time of execution of the agreement for the three-month period ended June 30, 2020.

As a result of the transactions, ¥421,863 million of gain relating to sales of T-Mobile shares was recorded for the three-month period ended June 30, 2020. The details are described in “Note 17. Additional information.”

2. ¥129,649 million of derivative gain on investments was recorded due to changes in the fair value of contingent consideration acquired from the merger transaction with Sprint and T-Mobile US, Inc. for the three-month period ended June 30, 2020. The details are described in “Note 3. Discontinued operations.”

(2) Gain and loss on investments at SoftBank Vision Fund and other SBIA-managed funds business

The details are described in “Note 5. SoftBank Vision Fund and other SBIA-managed funds business.”

(3) Gain and loss on other investments

The components of gain and loss on other investments are as follows:

	(Millions of yen)	
	Three-month period ended June 30, 2019	Three-month period ended June 30, 2020
Realized gain on sales of investments	149	22
Unrealized gain on valuation of investments	5,969	28,234
Derivative gain (loss) on investments	(2,305)	4,249
Other	2,551	3,377
Total	6,364	35,882

### 13. Finance cost

The components of finance cost are as follows:

	(Millions of yen)	
	Three-month period ended June 30, 2019	Three-month period ended June 30, 2020
Interest expenses	(71,822)	(78,132)

### 14. Derivative gain (loss) (excluding gain (loss) on investments)

For the three-month period ended June 30, 2020

Derivative loss of ¥179,471 million was recorded for the prepaid forward contracts using Alibaba shares and the call spread contract related to Alibaba shares. The details are described in “Notes 2” in “(1) Components of interest-bearing debt” under “Note 8. Interest-bearing debt.”



## 15. Other gain (loss)

The components of other gain and loss are as follows:

	Three-month period ended June 30, 2019	(Millions of yen) Three-month period ended June 30, 2020
Interest income	7,210	2,329
Foreign exchange loss	(6,546)	(5,763)
Reversal of allowance for loan commitment losses*	-	43,485
Reversal of allowance for financial guarantee contract losses	-	8,076
Dilution gain from changes in equity interest	669	4,967
Other	(1,387)	(1,328)
<b>Total</b>	<b>(54)</b>	<b>51,766</b>

Note:

\* For the three-months period ended June 30, 2020, ¥43,485 million of reversal of allowance for loan commitment losses related to acquire unsecured notes issued by WeWork was recorded as expected credit losses were lower than the amount recorded as of March 31, 2020 due to the improvement of credit spread for WeWork's unsecured notes distributed in the market.

## 16. Supplemental information to the condensed interim consolidated statement of cash flows

### (1) Income taxes paid

For the three-month period ended June 30, 2020

Payment of withholding income tax related to dividends within the group companies of ¥125,611 million is included in "Income taxes paid."

In addition, withholding income tax related to dividends within the group companies of ¥123,314 million was refunded in July 2020.

### (2) Proceeds from sales/redemption of investments

For the three-month period ended June 30, 2020

¥1,830,432 million of proceeds received from sales of T-Mobile shares is included in "Proceeds from sales/redemption of investments."

### (3) Proceeds from the partial sales of shares of subsidiaries to non-controlling interests

For the three-month period ended June 30, 2020

"Proceeds from the partial sales of shares of subsidiaries to non-controlling interests" is proceeds received from sales of SoftBank Corp. shares.

### (4) Non-cash transactions related to net settlement of proceeds from sales of shares and payments for acquisition of shares

For the three-month period ended June 30, 2020

¥175,332 million of account receivables from sales of shares and account payables for acquisition of shares were offset because the settlement date for ¥740,230 million of the account receivables and ¥175,332 million of the account payables was the same date. The net amount of ¥564,898 million is recognized as "Proceeds from sales/redemption of investments."

Also, the merger between Sprint and T-Mobile US, Inc. and the acquisition of contingent consideration with the merger are correspond to significant non-cash transaction. The details are described in “Note 3. Discontinued operations.”

## 17. Additional information

(The transfer of T-Mobile shares)

### (1) Outline of the Transfer

The Company, as part of “the ¥4.5 trillion program,” of 304,606,049 shares of T-Mobile common stock held, transferred 173,564,426 shares on June 26, 2020 (a. and b. described in (2)), 5,000,000 shares on July 16, 2020 (c. described in (2)), and 19,750,000 shares on August 3, 2020 (d. described in (2)), to T-Mobile through its subsidiary (the “Transfer”).

T-Mobile disposed of the shares transferred from its subsidiary through a public offering in the United States, a private placement through a trust issuing cash mandatory exchangeable trust securities, a rights offering\* and a sale to Marcelo Claude, one of its directors, with the proceeds being transferred to the Company’s subsidiary (collectively, the “Related Transactions”).

In connection with the consummation of the Transfer and Related Transactions, the Company pays \$300 million to T-Mobile.

The aggregate transaction price for the Transfer is equal to the proceeds received by T-Mobile in the Related Transactions.

Note:

\* The Company, Deutsche Telekom, Marcelo Claude and certain of their respective affiliates have agreed to waive their rights to participate in the rights offering.

### (2) Number of shares to be transferred and transaction price

a. Shares to be transferred in the U.S. public offering by T-Mobile and transaction price thereof	154,147,026 shares Transaction price per share \$103.00 Aggregate transaction price \$15,877 million
b. Shares to be transferred to the Trust from T-Mobile in a private offering through the Trust and transaction price thereof	19,417,400 shares Aggregate transaction price \$1,667 million
c. Shares to be transferred to Marcelo Claude, a director of T-Mobile and transaction price thereof	5,000,000 shares Transaction price per share \$103.00 Aggregate transaction price \$515 million
d. Shares to be transferred to the shareholders in the rights offering by T-Mobile and transaction price thereof	19,750,000 shares Transaction price per share \$103.00 Aggregate transaction price \$2,034 million

### (3) Grant of call options to Deutsche Telekom

The Company granted to Deutsche Telekom call options (the “Call Options”) over 101,491,623 shares of T-Mobile which the Company holds through its subsidiary.

- i. For the Call Options over 44,905,479 shares out of the 101,491,623 shares, a strike price of the call option is \$103.00 per a share. Deutsche Telekom can exercise the Call Options any time after the grant date.
- ii. For the Call options over 56,586,144 shares out of the 101,491,623 shares, a strike price of the call option is equal to the average of the daily volume-weighted average price of the shares of T-Mobile for each of the 20

trading days immediately prior to exercise. Deutsche Telekom can exercise the Call Options after the exercise of rights described in the above i or October 2, 2020.

Note:

\*The Call Options expire on June 22, 2024, unless certain events occur that trigger an earlier expiration date.

- (4) Number of shares to be transferred, number of shares subject to the Call Options and number of shares held by the Company before/after the transactions

a. Number of shares held before the Transfer	304,606,049 shares
b. Number of the released shares (as of August 3, 2020)	198,314,426 shares
c. Number of shares held after the Transfer	106,291,623 shares
d. Number of shares subject to the Call Options	101,491,623 shares
e. Number of shares held after the Call Options are exercised*	4,800,000 shares

Note:

\* Calculated on the assumption that the Call Options are fully exercised.

## 18. Significant subsequent events

(Partial implementation of “the ¥4.5 trillion program”)

As part of “the ¥4.5 trillion program,” the Company executed “(1) Conclusion of the variable prepaid forward contract using Alibaba shares,” “(2) Partial transfer of T-Mobile shares,” and “(3) Fund procurement by using T-Mobile shares” for the purpose of selling or monetizing of the assets held by the Company. The Company plans to use the funds raised from the transactions for the repurchase of up to ¥2 trillion of its common stock (including (6) Share repurchase in accordance with the resolution) and with the balance to be used for debt redemptions (including (5) Repayment of borrowing for which Alibaba shares were pledged as collateral), bond buybacks (including (4) Repurchase and retirement of domestic unsecured corporate bonds) and increase cash reserves. Until they are used for the planned share repurchase and debt reductions, the Company may invest the funds raised in high quality, highly liquid securities and other instruments in addition to holding in cash and deposits, while being firmly committed to its existing financial policies on LTV (loan-to-value, the ratio of liabilities to holding assets) and cash on hand.

- (1) Conclusion of the variable prepaid forward contract using Alibaba shares

In July, 2020, Scout 2020 Holdings Limited (“Scout Limited”) a wholly-owned subsidiary of the Company, entered into the variable prepaid forward contract using Alibaba shares with a financial institution. The Company procured \$0.9 billion through the transaction.

The settlement is expected in July 2022. The number of Alibaba shares settled by the prepaid forward contracts is determined by reference to the market price of the shares at the valuation dates prior to the settlement dates. A cap and a floor are set for the price of shares settled.

The variable prepaid forward contract is classified as hybrid financial instruments with embedded derivatives and the embedded derivatives are measured at fair value.

Scout Limited has the option to settle the variable prepaid forward contract by delivering cash, Alibaba shares, or a combination of cash and Alibaba shares. If Scout Limited elects cash settlement, Scout Limited will pay the cash equivalent to the fair value of the number of shares subject to cash settlement, as determined by reference to the market price of the shares.

Alibaba shares held by Scout Limited are pledged as collateral in accordance with the variable prepaid forward contract, and the Company granted right of use to the financial institution with respect to such shares. However the collateral can be released by cash settlement at the Scout Limited’s discretion. Alibaba continues to be an equity

method associate of the Company after the completion of the transaction because the Company still has significant influence over Alibaba via voting rights. The carrying amount of Alibaba shares pledged as collateral by the Company as of June 30, 2020 is ¥17,838 million.

The impact of the transaction on the Company's consolidated financial results for the fiscal year ending March 31, 2021 has not been determined.

(2) Partial transfer of T-Mobile shares

The Company transferred, of T-Mobile shares held, 5,000,000 shares on July 16, 2020 and 19,750,000 shares on August 3, 2020 to T-Mobile through its subsidiary at \$103.00 per a share. The shares are remeasured at fair value at the time of discontinuing the use of the equity method and the difference between fair value at the time of discontinuing the use of the equity method and transaction price for the Transfer is small, therefore, the impact arising from the transaction on the financial results for the fiscal year ending March 31, 2021 is immaterial.

(3) Fund procurement by using T-Mobile shares

On July 30, 2020, a wholly-owned subsidiary of the Company made a borrowing of \$4.38 billion by using T-Mobile shares held as collateral. The repayment date for the borrowing is July 29, 2024. T-Mobile shares pledged as collateral are recorded for ¥1,192,711 million as "Investment securities" in the condensed interim consolidated financial position as of June 30, 2020.

In addition, related to the transaction, Alibaba shares held by the Company are pledged as collateral. Alibaba shares pledged as collateral are recorded for ¥31,964 million as "Investments accounted for using the equity method" in the condensed interim consolidated financial position as of June 30, 2020.

The impact of expenses arising from the transaction on the financial results for the fiscal year ending March 31, 2021 is immaterial.

(4) Repurchase and retirement of domestic unsecured corporate bonds

On July 22, 2020, the Company purchased the following domestic unsecured corporate bonds with a total face value of ¥167,595 million and retired those bonds. The impact of expenses arising from the transaction on the financial results for the fiscal year ending March 31, 2021 is immaterial.

Company name / Name of bond	Interest rate (%)	Date of maturity	Face value purchased by the Company (Millions of yen)
SoftBank Group Corp.			
1st Unsecured Subordinated Corporate Bond	2.50	December 17, 2021	38,383
2nd Unsecured Subordinated Corporate Bond	2.50	February 9, 2022	45,648
48th Unsecured Straight Bond	2.13	December 9, 2022	32,976
49th Unsecured Straight Bond	1.94	April 20, 2023	500
51st Unsecured Straight Bond	2.03	March 15, 2024	47,388
52nd Unsecured Straight Bond	2.03	March 8, 2024	2,700
Total			167,595

(5) Repayment of borrowing for which Alibaba shares were pledged as collateral

On July 8, 2020, Skywalk Finance GK, a wholly-owned subsidiary of the Company, conducted an early repayment of all borrowings (\$9.44 billion) for which Alibaba shares were pledged as collateral and the collateral was released on the same date.

The borrowings were recorded for ¥1,015,339 million as current portion of long-term borrowings under "Interest-bearing debt (current)" in the condensed interim consolidated statement of financial position as of June 30, 2020. In addition, Alibaba shares pledged as collateral by Skywalk Finance GK is recorded for ¥716,436 million as "Investments accounted for using the equity method" in the condensed interim consolidated statement of financial

position as of June 30, 2020. The impact of expenses arising from the transaction on the financial results for the fiscal year ending March 31, 2021 is immaterial.

(6) Share repurchase in accordance with the resolution

On July 30, 2020, SoftBank Group Corp., at the Board of Directors meeting, resolved the repurchase of its own shares pursuant to Article 156 of the Companies Act of Japan as applied pursuant to Article 165, Paragraph 3. The details are as follows:

Details of the repurchase

Class of shares to be repurchased	Common stock of SoftBank Group Corp.
Total number of repurchased shares	240,000,000 shares (maximum) (12.3% of the total number of shares issued (excluding treasury stock))
Total repurchase amount	¥1 trillion (maximum)
Repurchase period	From July 31, 2020 to July 30, 2021